

Plight of the middle classes

BY C. GORDON TETHER

MUCH HAS been said of late about the pining of the middle-class, great upsurge of middle-class anger and frustration which was such a prominent feature of the scene a year ago. And it is indeed a fact that most of the new bodies that came into being at that time to convert this tide of dissatisfaction into a power-base have since gone into decline or collapsed altogether.

Yet, with the present style of prices and incomes policy inflicting heavy punishment on the real earnings of everyone earning more than a few thousand pounds a year, it is difficult to believe that this can be anything more than the lull before another storm. And one would have thought that the Government would be well-advised to lose no time in making it clear that Phase II of the new onslaught on inflation will favour a percentage type approach to the control of incomes.

now under pressure to make very substantial cuts in living standards. And cuts, moreover, which may well turn out to be more or less permanent. For it can be taken for granted that in the succeeding phases of the incomes policy programme, the Government and employers will both be anxious to see that increases in pay are kept down to the amount needed to cover future advances in the cost-of-living.

The higher the salary, of course, the larger the erosion of real pay enforced by the £300 per annum limit tends to be. But the damage inflicted on living standards is apt to be most severe for those in the £3,000 to £5,000 range because they will usually be operating in the spending sense much closer to the limits of their earnings than the higher paid.

More vocal

Adjusting themselves to the new situation therefore requires much more painful changes in behaviour patterns for them than does for those in the higher income brackets who, having been accustomed to devote a larger proportion of their incomes to saving, can dispose of the problem by cutting back allocations under this heading.

Making due allowance, therefore, for the fact that the country is in the throes of a serious economic crisis, those whose incomes fall in the middle ranges do have a great deal to complain about. After all, the present incomes policy was intended to slow down the pace of inflation—not to procure a massive change in living standards, but to ensure that the cost-of-living was kept under control.

But one does not have to go very far up the incomes scale to reach the point at which having to make do with a £300 odd limit on annual pay increases means being sentenced to a considerable and continuing erosion of living standards. For prices are still rising—six months after the new policy came into effect—at 25 per cent per annum.

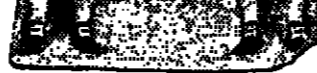
Thus, for those who were earning £3,000 at the start of the latest season, an extra £300 a year would be sufficient, even before allowing for tax, to cover barely a half of the rise in the cost-of-living now taking place. For the £4,000 man, it would meet only a third. And for those in the £5,000 class—which is not all that high by modern standards—no more than a fifth.

It is not difficult to see from this that all those whose earnings come out significantly beyond £2,000 to £3,000 per annum are

SALEROOM BY ANTHONY THORNCROFT

Pew group makes £13,650

A RARE Staffordshire salt glaze white and brown pew group, was sold at Christie's yesterday for £13,650 (plus the 10 per cent buyer's premium). It is the highest price to be paid at auction for a piece of English pottery with Wedgwood excepted, and was the star turn in a pottery and porcelain sale which totalled £82,510. It was made around 1740-45, in an unusually good condition.



A Staffordshire pew group which sold for £13,650 at Christie's yesterday.

English pottery and porcelain, like English pictures, is a suspect area because the items are mainly bought by British people, and they tend to be short of cash. But this was a successful sale. There were set-backs, but around 80 per cent of the lots, and most of the top ones, were sold. The pew group just beat its forecast, and a rare Chelsea Italian comedy figure of Scapin, after the Meissen original by J. J. Kaendler and P. Reinicke, made the good price of £5,040. In 1967 it went for £2,500 in the same saleroom.

Other high prices were the £4,200 for a "girl in the swing" white group of the Holy Family, after Raphael, and £3,570 for an extremely rare pair of Worcester sauce boats. A Chelsea billing dove turned and cover was bought by Winnifred Williams for £3,150. A sale of sculpture and works of art totalled £46,815. A late 15th-century south west German oak pendant cross managed £1,155.

The prize item at Sotheby's glass sale—a Royal goblet encased with the arms of the House of Orange and signed by William Beilby—was bought in century south west German oak for £9,000. A Beilby goblet set a

record £18,500 earlier this year, but the Dutch connections may have put off British buyers this time.

There were a few other disappointments, but the German dealer Hubner paid £3,100 for a Bohemian wheel-engraved Royal portrait beaker of Leopold I, made around 1690. It had been bought in at Sotheby's in 1938 for £9. The sale totalled £37,408, with the less costly items offering some compensation for the lack of interest in a Ravenscroft tazza of 1675 and a rare glass encrusted mirror of 1800.

In contrast the sale of atlases, travel and antique letters did very well, with over 98 per cent sold and a total of £27,381. A John Speed volume of 1616, with 67 double page engraved maps of Britain, beat its forecast at £5,200, and a Johannes Blaeu Western Hemisphere Atlas with 27 plates of 1774, fetched £4,500, also well above the estimate. Other prices which far exceeded their target were the £3,600 for Bellins Petit Atlas Maritime of 1764; £3,500 for a Goss Sea Atlas of the Western World of 1688; and £3,400 for another Blaeu travel book of Plesmont and Savoye.

At Phillips's 19th century pictures sale totalled £94,745. The top price was the £8,000 for a Venetian bridge scene by Franz Unterberger (within forecast).

RACING BY DOMINIC WIGAN

You'll warm to Arctic Amoroso

DESPITE poor visibility and freezing conditions in many parts of the country, the highly-competitive scheduled meetings at Folkestone and Warwick, are reported to be in the clear at present, and they seem sure to go ahead, provided the weather does not worsen.

One to finish a good third behind Clonmelon and Spixit's Image on the 11th, the highly-competitive Pond Chase just over two weeks ago.

FOLKESTONE
1.15—The 8 start
1.45—The 8 start
2.15—Parkgate Inn
2.45—Dallwinlie
3.15—Viverrina***

WARWICK
1.30—Redburn
2.30—Noble Hero
3.00—The Grand Son

On his Pond Chase running, Barmer has nothing to fear from Ebony Rock and Royal Measure, who failed to complete the course there.

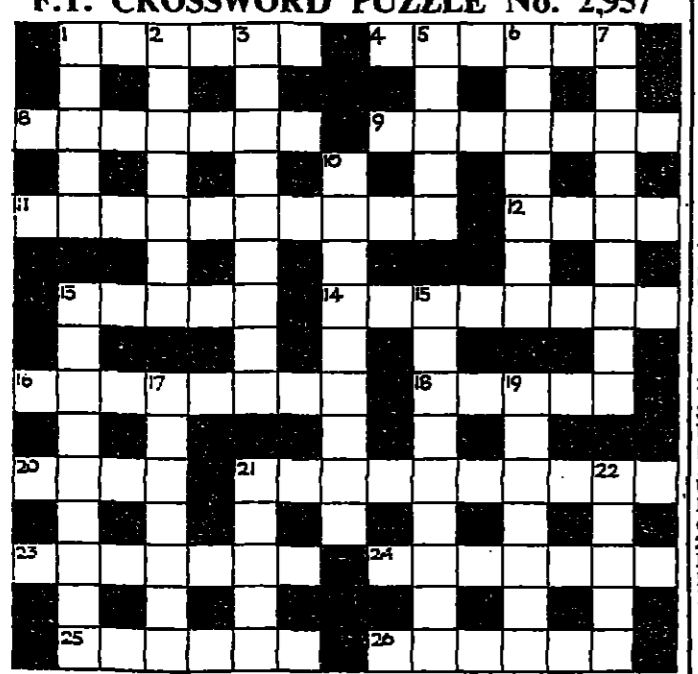
Arctic Amoroso, a course winner (as is Barmer), failed to produce anything like his true running when a remote sixth behind the Roman Holiday in the Peterborough Chase at Huntingdon last time out.

TV/Radio

† Indicates programme in black and white.

BBC 1
12.30 p.m. Billdowncar. 12.55 News. 1.00 Pebble Mill. 1.45 Barnaby. 3.45 Fanny Cradock Cooks for Christmas. 5.35 Regional News (except London). 6.00 Play School. 6.25 Deputy Dawg. 6.30 Jackanory. 6.45 Babar. The Little Elephant. 7.05 John Craven's Newsround. 7.15 Emu's Broadcasting Company (BBC 1). 7.40 Magic Roundabout. 8.45 News. 9.00 Nationwide. 9.50 The Invisible Man. 10.40 Are You Being Served? 11.00 Gymnastics: USSR World Cup team. 9.00 News. 9.25 Play for Today. 10.30 Film 75.

F.T. CROSSWORD PUZZLE No. 2957



- 1 Lush friends return in the air (4, 2)
2 Better person beheaded by walker (6)
3 Blind as Samson in Gaza (7)
4 Getting on domestic card came (3)
5 Invitation to opponent to drive first to judge's address (4, 6)
6 Biography written in one long sentence (4)
7 Have a go on way to appointment (5)
8 Decline variety act from London (4)
9 Vessel taking strain for fellow countryman (8)
10 Bird goes to East Africa with broken leg (5)
11 Row now by fastener (4)
12 Increase in larceny is quietly approaching (3, 2)
13 Dented corner at home (5, 2)
14 Clip on the head gets motorist awkwardly cornered (7)
15 Torment that was to follow Mme. de Pompadour (6)
16 Signal for old airline to study (6)
17 Authority to talk like this (3, 2)
18 Adverse sensitivity to everything grey maybe (7)
19 Clean out of sight (8)
20 Runner between two stones (5)
21 Tall MP I strangely illuminated like an urban street (7)
22 Strengthen check on police (8)
23 Explosive situation in female make-up over draught beer came (3)
24 Using left and right when boxing seems clumsy (3, 6)
25 Revolutionary part taken by HQ in fixing car dimension (8)
26 Coming to a right competitor (7)
27 Information little by little applied to class (7)
28 Cast supporting injured member (5)
29 Marriage making Jack flag (5)
30 ROAST POPULATED
31 3 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25
32 DOWN
33 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25
34 PICKOVER PERISER
35 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25
36 RENAL TROUBLEMAKER
37 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25
38 ROUNDOUSLEDER
39 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25
40 BUTTERPAT VOA

BBC 2
11.00 a.m. Play School. 3.00 p.m. Parents and Children. 3.20 Images for Sale. 7.20 Weather. 7.30 Newsday. 7.50 The Book Programme. 8.15 Floodlit Rugby League for the BBC 2 Trophy. 9.00 The Musical Machine. 9.45 At a Time Like This. 10.35 The Old Grey Whistle Test. 11.15 Newsnight. 11.30 Closedown: William Lucas reads "The Grafes" by Roy Fuller.

BBC 2 Wales transmitters only
8.15-8.25 p.m. Party Political Broadcast on behalf of Plaid Cymru. 8.25-8.35 p.m. BBC 2 Rugby League.

LONDON
10.00 a.m. Hammy Hamster's Adventures on the River Bank. 10.15 Inner Space. 10.40 The Saint. 11.20 Hugh MacDiarmid's Poet and His Time. 12.00 Paper play. 12.10 p.m. Hickory House. 12.30 Regional Flavour. 1.00 First Report: News, FT index. 1.30 Lunch-time Today. 1.50 Summerdale Farm. 2.00 Good Afternoon. 2.30 Couples. 3.00 Where on Earth. 3.55 General Hospital. 4.25 Look Alive. 4.50 Masque. 5.20 Nanny and the Professor. 5.50 News from ITN. 6.00 Today. 6.30 Crossroads. 6.55 Tuesday Star Movie: "Walk, Don't Run" starring Cary Grant.

RADIO 1
12.00 a.m. Stereo broadcast. 6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Johnnie Walker including the week's Top 20 songs and 12.30 p.m. Newbeat. 2.00 David Hamilton (also on VHF). 4.30 p.m. D.L.T. 8.00 Newbeat. 8.02 Sam Costa (also on VHF). 11.00 John Peel (also on VHF). 12.00-12.15 a.m. As Radio 2.

RADIO 2
1.00 p.m. and VHF. 6.00 a.m. News Summary. 6.02 Colin Berry (also on VHF). 6.15 Pause for Thought. 7.02 Simon Bates (also on VHF). 7.15 and 8.15 Live From The Car. 8.15 Test Cricket (report). 8.27 Racing Bulletin. 8.45 Pause for Thought. 9.02 12.30 News. 9.05 Christmas competition. 10.02 Test Cricket (report). 10.30 Waggoner's Walk. 11.00 Young's including 11.15 a.m. and 11.15 Christmas competition. 1.05 Good Listener (VHF). 2.02 David Hamilton (also on VHF). 2.05 and 2.15 Sports Desk. 2.20 and 2.30 Sports Desk. 2.35 and 2.45 Sports Desk. 2.50 and 3.00 Sports Desk. 3.05 and 3.15 Sports Desk. 3.20 and 3.30 Sports Desk. 3.35 and 3.45 Sports Desk. 3.50 and 4.00 Sports Desk. 4.05 and 4.15 Sports Desk. 4.20 and 4.30 Sports Desk. 4.35 and 4.45 Sports Desk. 4.50 and 5.00 Sports Desk. 5.05 and 5.15 Sports Desk. 5.20 and 5.30 Sports Desk. 5.35 and 5.45 Sports Desk. 5.50 and 6.00 Sports Desk. 6.05 and 6.15 Sports Desk. 6.20 and 6.30 Sports Desk. 6.35 and 6.45 Sports Desk. 6.50 and 7.00 Sports 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Grand Palais, Paris

Millet—painter of nostalgia

by DENYS SUTTON, Editor of Apollo

Jean François Millet (1814-75) was one of the most revered of the nineteenth century's great painters. Yet his peasants never wear tattered or mud-spattered clothes: he saw them as ideal figures, as an admirer of Poussin, he was attracted by the pure crystallisation of emotional experience in a work of art.

Millet lived at a time when the impact of industrialisation was starting to take a grip on France: the old world was vanishing. He became an artist imbued with nostalgia, seeking to record in his paintings the "idyllic" life of the country. In a sense, the scenes of peasant life painted by this lover of Virgil and Theocritus may be considered as continuing the tradition of the eighteenth century pastoralism.

He was also a traditionalist in the sense that he believed in the family and he once declared that people should keep their station. He was the opposite of a revolutionary and it may even be argued that his idealism anticipates the views of such writers as Paul Bourget. This novelist

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argued in *L'Étape* that one of the principal errors of modern life was the cult of equality, which, if implemented, would destroy society and human values. Bourget and his circle, Richard Griffiths pointed out in *The Reactionary Revolution* (1966), "looked back to a golden age of mutual trust between the classes, a state which they saw partly reflected in the paternalistic society of the countryside, as yet untouched by the new principles of the industrial revolution." This is the mood conveyed in many of Millet's paintings; it is hard to imagine his paintings manifesting the barricades, the relationship to Diaz and how a Rococo undercurrent survived the rigours of the eighteenth-century school; many of his pictures are cabinet paintings, one reason, no doubt, for his appeal to well-off collectors in the nineteenth century. The year of revolutions—affected Millet's outlook and he subscribed to the naturalistic trends of the 1840s. Yet he was not a political artist after the fashion of Courbet and Manet. His commitment was to art, not politics. Significantly, his retreat to Barbizon was due to fear of cholera and no doubt his nervousness preyed on him, for Millet found congenial themes in the fields, which Professor Herbert



Millet: Homme portant un fagot

perceptively relates to Constable and Ruysdael. One of the pleasures of the show is provided by the drawings, preliminary studies and sketches, which are of Millet's major pictures, *Les Becheurs*, in the Louvre (Phaidon, £25). She discusses them with insight and cogency, quotes contemporary opinions about Millet's art and draws attention to the originality of his compositions. These beautiful and mysterious drawings suggest the influence which Millet exerted on artists such as Seurat.

This delightful book and the exhibition substantiate the claim that Millet was a major artist and make it understandable that he appealed to Degas, Pissarro, Van Gogh. The last-mentioned copied some of his works and rightly said of him that "in Millet, everything is at once reality and symbol."

More information about Millet, the draughtsman may be gathered from Rosalie Sacou's handsome book illustrating the best of his drawings in the Louvre (Phaidon, £25). She discusses them with insight and cogency, quotes contemporary opinions about Millet's art and draws attention to the originality of his compositions. These beautiful and mysterious drawings suggest the influence which Millet exerted on artists such as Seurat.

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Imperial Tobacco Awards for Radio

Members of the Radiowriters' Association, or other members of the Society of Authors, the programme companies (BBC and the A), and radio critics of the national and local Press will be invited to make nominations for a new Imperial Tobacco award for radio which are to be given by Imperial Tobacco, in operation with the Radiowriters' Association.

The main awards will be made in the fields of radio drama, light entertainment, documentaries, talks and features. On these winners will also

come the award for the single most outstanding contribution to radio-writing during the year. The final selection from the nominations will be made by a jury of radio-writers and critics. Additional awards will be given to recognise work associated with radio-writing, for production or direction, the best actor and actress, and the best presenter of a programme.

The first awards will cover the year July 1, 1975, to June 30, 1976, and will be announced and presented at a function to be held towards the end of 1976.

Martha Graham at Covent Garden

The Martha Graham Dance Company will visit Covent Garden next summer from July 31. This is their first visit to Britain in ten years, and their stay at Covent Garden, together with the Royal Ballet's visit in the spring, it will be a major cultural change in the Bicentennial celebrations of 1978.

Miss Graham, who founded the company just over 50 years ago, is 86 with them. The season will open with a special gala evening. The visit has been arranged in co-operation with the London Contemporary

Virginia McKenna to follow Jean Simmons

On January 19, 1976 Virginia McKenna will take over the role of Desirée in *A Little Night Music* at the Adelphi Theatre. She co-stars with Angela Baddeley and John Ackland. Jean Simmons will leave the company on January 17.



Andrew Robertson as Lord Fancourt Babberley in the Young Vic's production of *Charley's Aunt*, which opened there last night.

Royal Court

A Tale of Three Cities by B. A. YOUNG

The three cities are London, Paris and Addis Ababa, and the subject is exile. The author, Gebre Teshfaye Assefaw, is a young Ethiopian who came to England for education and gave it up in favour of cleaning in hospitals.

His play, the first he has written, contains two plots, loosely strung together. One concerns a Frenchman who went to Addis to sell perfume and bankrupted himself by giving it all away to Ethiopian girls. He then got an agency to sell cars and bankrupted himself again in the same way. Then he hanged himself.

The second story is about an Ethiopian writer in London, earning his living by cleaning toilets; and from him we learn the serious things about exile. He can't reconcile the endless eating of the family with whom he lodges and the starvation of his own people which they watch on their television. He feels that he is suspected of (to use his own analogy) coming here to eat grass and then eating the bacon and eggs. Inquiries into

his status affect him like third-degree torture. There seems to be a universal conspiracy going on around him. Like the Frenchman, he too dies violently; his landlady knives him on suspicion of sleeping with his wife.

Though the subject-matter is serious, the treatment is not. Extraneous characters of all kinds are introduced and play irrelevant scenes: an Indian doctor lectures on world peace; an Ethiopian priest preaches forgiveness; an English peer brings on a donkey in a parody of *Palm Sunday*; a German psychiatrist tells of persecution in Europe. Some of these passages are very funny, some are tedious, most are too long.

Nicholas Wright's direction is full of amusing quirks; one would like to know which are his and which the author's. The immense cast overflows from the stage into the front row of the stalls and two blocks in the circle. There are constant Pirandello-like changes between actor and character. More discipline is called for on the other hand, with more discipline the play might not be so funny.

Elizabeth Hall

Nash Ensemble

The declared intention of Sunday's concert, uniting the Nash Ensemble and the New London Ballet, was "to draw musicians and dancers closer together, so that the instrumentalists become part of the design of the ballet from its inception." Not wildly novel as an idea, and not one which has in my experience worked particularly happily in the past. Stravinsky wanted the musical forces on stage for *Les Noces*, and didn't get it, though the idea might have proved interesting; and Dali once tried to have a grand piano dropped into the middle of a ballet he was designing, and was met with a fully over-ruled. But movement against the static presence of musicians often invites a certain dissipation of interest, or else relegates the instrumentalists to the status of scenery.

The Nash Ensemble began the programme with a fluent account of the Poulenc sextet, and then Marian St. Clair and Michael Beane danced André Prokofiev's decorous duet to the Faure cello Elégie, which was played with silken tone by Christopher van Kampen. Here the dancers, moving across a somewhat slippery stage as if drawn by the music, made a touching effect, but the succeeding Zany, having its world premiere, dispelled the good will thus created. Daryl Runswick's score is for instrumental septet; its theme a

Commedia dell'arte troupe improvising a drama. The dancers, in choreography by Patrick Wood and Richard Sikes, involve themselves in mysterious caperings, with the musicians dressed like some dire Pterodactyl in an Edwardian postcard.

We know and admire Ronald Hynd's *Valse Nobles et Sentimentales* in the New London Ballet. Its matching of shipboard romance with the score is happy, even in the Elizabeth Hall, and Galina Samsova's radiant presence gives the piece its heart. The real advantage in this performance, though, was the playing of the pianist Clifford Bowers, as atmospheric and elegantly dramatic as Samsova's dancing.

The final *Commedia I* is set to Richard Rodney Bennett's clear-textured sextet, and finds Miss Samsova and four cavaliers each impersonating an instrument—the percussionist alone is not doubled by a dancer. André Prokofiev has made neat neoclassic choreography, and the clear relationship between the white-clad dancers and the musicians offers an intriguing visualisation of Bennett's taut instrumental drama. *Commedia I*, indeed, fulfils the Nash Ensemble's desire to bring dancers and musicians together, and is well worth while.

CLEMENT CRISP

Festival Hall

Spring Symphony

by RONALD CRICHTON

Britten's *Spring Symphony* was eclipsed in popularity by the War Requiem and then, unfairly, shared in the neglect that was an inevitable reaction to the later work's huge initial success. Now we are presumably far enough away from them to take their rightful place in the choral repertoire. The outlay could still be a deterrent. Although it is less demanding than the Requiem, the *Symphony* calls for a boys' choir as well as a large chorus, and three experienced soloists. Most of the necessary factors were present in Sunday's lusty performance by the Royal Philharmonic Orchestra, under Sir Charles Groves.

The heroes of the occasion were the London Symphony Chorus, trained by Arthur Oldham to produce the clean attack and bright open tone more often associated with choirs a good way north of the Thames valley. As an East Anglian, exposed since childhood to cold winds, Britten was unlikely to romanticise spring, and for all the jiggery and twittiness of the earlier poems in his anthology the painfulness of the year's death is not as fervid or as urgent as the introduction

("Shine out, fair sun") was positively disturbing—such a cruel picture of "black winter freezing to his seat" seemed libellous on a December day more beautiful than what we normally have in April. The chorus was equally stirring in "The Morning Star" at the end of the first part, where Britten at last allows his textures to warm right through with a brilliantly-placed unison passage. The Wandsworth School Boys' Choir made a merry shout of "Summer is icumen in" at the symphony's end; maybe some of their predecessors have tongued "Strawberries" swimming in the cream more nimbly, but that is the kind of passage where the past is likely to seem better than the present. The orchestra, brass especially (burping cowhorn included) was as lusty as the chorus but not always so crisp.

Of the soloists, Teresa Cahill was lithe and sunny, but no soprano will make or mar a performance of this work—doubtless because Britten did not write the part "on" a voice he knew as well as Ferrer or Pears, the original contralto and tenor.

Their successors on Sunday were Barbara Robotham and Anthony Rolfe Johnson. Miss Robotham, standing in at short notice for Helen Watts, was musical but understandably over-discreet. She was not helped in "Out on the lawn" by too noisy intimations of war from the orchestra. Mr. Rolfe Johnson gave the Wandsworth boys a lesson in good articulation in "When will my May come"—he is good at projecting a voice still light for a large hall.

Dvorak had the first half to himself with a likeable performance of the Scherzo capriccioso that would have been wholly excellent with a little more polish, and the Violin Concerto. Every time it turns up one hopes to enjoy this and find it wrongly neglected, but this appointment usually comes. It came again, in spite of a sturdy and rhythmically fiery reading from the young Czech violinist Václav Hudeček. He is a promising player, but his confident attack deserves more consistently unclouded tone and cleaner intonation. Groves and the RPO made the most of the beautifully ingenious scoring that is the concerto's strong point.

Collegiate Theatre

Giasone by ELIZABETH FORBES

Opera Viva Workshop's production of Cavalli's *Giasone* was the first in Britain. Using the edition made by Marcello Panni for Genoa in 1972, Leslie Head conducted two performances of the opera last week at the Collegiate Theatre. This edition is scored for flute, oboe, bassoon, trumpet and trombone, as well as strings and continuo, and it is no denigration of Mr. Head or the Opera Viva Orchestra to point out that the resulting sound can bear little resemblance to the original as performed at Venice in 1648.

Giasone was one of the most successful of all Cavalli's operas, and though it was possible, with the ears of faith, to understand the work's popularity from Saturday's performance, it certainly needed more than a modicum of indulgence on the part of the audience.

The libretto by Ciccognini (the opera was sung in Italian) is a version of the story of Jason and Medea, who are in the middle of a torrid affair at the beginning of the piece. By the end, both have returned to former lovers, so making a happy ending. A quintet of servants provides comic relief and a sub-plot of sorts. The obligatory Prologue has Sole, the God of the Sun, arguing on the side of Medea (his niece) against Cupid who favours the claims of Isiphile who was formerly in love with Jason. It is, of course, Cupid who wins. To make Sole into a whip-cracking ring-master, for all the world like the Animal Tamer in *Lulu*, was one of Christopher Renshaw's less happy production ideas.

Jason himself cuts an unheroic figure. At the instigation of the jealous Medea, he tries to have Isiphile drowned.

Unfortunately it is Medea who gets thrown in the sea, and having been rescued by her former lover, Egeus, she rather naturally prefers to return to him, leaving Jason to respond, with very bad grace, to the passionate pleading of Isiphile. Anthony Bremner (countertenor) endeavoured to bring sincerity to Jason's irresolution, but neither his voice nor his personality was strong enough to lend the character much conviction. As Medea, Sydnia Withington (contralto) sang firmly. Her famous incantation scene at the end of the first act, where she summons up the spirits of the underworld to aid Jason, was splendidly declaimed.

Yara Labal (soprano) sang Isiphile's long declaration of love for Jason, which contains some of the best and most rigid rhythms.

moving music in the whole opera, with a praiseworthy conviction and real pathos. Paul Ferris (tenor), as Egeus, has an almost equally effective scene in which he laments the loss of Medea's love, and he sang it in the proper spirit of noble resignation. Patricia McCord, a jolly Alinda, rejoicing in the number of soldiers to be found on the island where the whole cast has conveniently been shipwrecked, and Christopher Adams as Demos, the stuttering servant to Egeus, convinced that he and his master have perished in the storm, were both notable. Leslie Head did not differentiate sufficiently between recitative, arioso and aria, nor did he shape the vocal lines subtly enough. As a result, much of Cavalli's highly developed power of expression was lost or dissipated in too rigid rhythms.

Christmas on the South Bank

Christmas on the South Bank has three principal attractions. The first is at the Royal Festival Hall, where London Festival Ballet will present its annual production of *The Nutcracker*, commencing on Boxing Day and running till January 10.

In the Queen Elizabeth Hall, Derek Block presents *Paco Puro Flamenco Puro*, opening on Boxing Day and finishing on Saturday, January 3. After a gap of two years, Paco Puro returns to the South Bank for the Christmas season with a new company not yet seen in this country.

In the Purcell Room, Margaret Wolff, daughter of the late Sir Donald Wolff, will present her own dramatisations from the novels of George Eliot. From

December 29-31 she will present extracts from *The Mill on the Floss*, and from January 1-3 the programme, under the title *Strange Contrasts*, will consist of extracts from "Adam Bede," "Felix Holt" and "Daniel Deronda."

Sibelius violin competition

Yuval Yaron, 22, of Israel, won first prize in the Jean Sibelius Violin Contest in Helsinki. He has also received two other prizes, one given by the Finnish Broadcasting Company for the best interpretation of the Sibelius violin concerto, and the other awarded by the critics.

Steady does it.

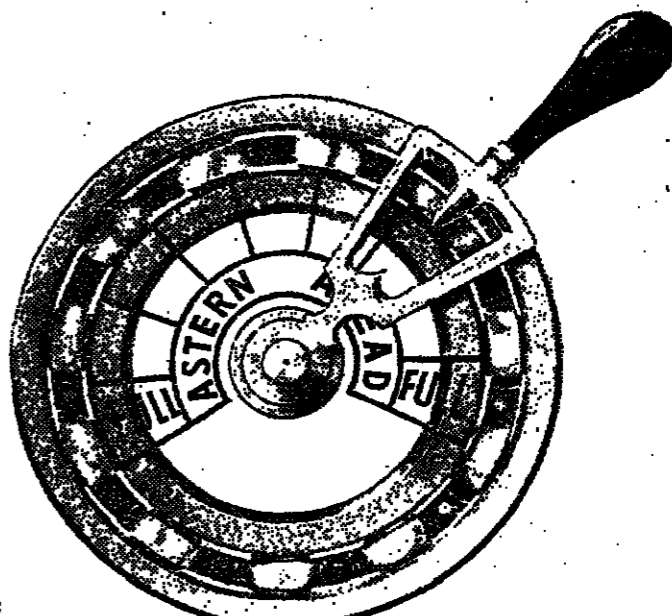
Some people think we're a bit cautious. They're absolutely right. We never blindly accept quick solutions. They have a habit of breeding slow disasters. That's why we don't want to look upon ourselves as formidable innovators. True, we do make our share of bearing inventions—the self-aligning ball bearing, the spherical roller bearing, the automotive hub bearing unit, and others.

But after almost 70 years in the bearing business, we still devote most of our research to improving the basic bearing designs. There's still tremendous scope for meeting the demand for higher speeds and heavier bearing loads, combined with lighter and more compact designs. And even more reliable bearings are needed to minimise breakdowns in today's increasingly complicated and costly machines.

To solve such problems, we go deep into theoretical studies. And much of the bearing theory developed by SKF has been accepted as international standard.

You could describe our technical development as being methodical and unglamorous. So is our growth.

The bearing market, where we have about 70 per cent of our business, grows by approximately seven to eight per cent a year. We match this growth.



We prefer steady development to high-risk ventures that could dilute our financial and administrative strength.

So we'll continue to grow organically in areas where our existing knowledge and experience in management, manufacturing and marketing can best be utilized.

That means bearings. But also special steel, precision castings, machine tools, high-speed-steel cutting tools, textile machinery components. In these and in other engineering areas we already have a strong specialist position.

SKF Group Headquarters, Göteborg, Sweden. In the U.K.: SKF, Luton, Bedfordshire.

SKF

Toughest task yet for R-R

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE ROLLS-ROYCE success in clinching the £80m. Spey jet engines deal with China represents one of the toughest and longest-drawn out sales negotiations ever conducted by the company. It is almost comparable in magnitude of effort to that which won the U.S. Lockheed TriStar contract for the then untitled RB-111 engine in the late 1960s.

At that time, Rolls-Royce was trying to sell an unproven, unproved engine of revolutionary concept to a tough U.S. aircraft manufacturer who wanted to know everything not only about the engine but also about the manufacturer and the way he ran his business. But there were two saving advantages in that at least both sides were talking the same language—English—and that access to the U.S. was easy to arrange.

In negotiating with China, on a well understood engine the Spey discussions were as tough, and the Chinese just as demanding. There were the added hurdles to overcome of getting in—and out of—China and once in, of having everything translated into Chinese: contract documents, technical brochures, letters, day-to-day memos, and so on.

While the U.K. Foreign Office and the British Embassy in Peking did much to help smooth the path, the basic reason for the ultimate success of the deal is simply that the Chinese themselves wanted the Spey. Had they not wanted it, had Rolls-Royce been trying to sell them the engine "cold" from scratch, the task would have been much more difficult, if not impossible.

For one thing, as all business negotiators with China point out, the Chinese cannot and will not be hurried. They have their own method and pace of doing things, and will not change it, no matter how desperately they appear to outsiders to need the equipment involved. It is difficult for anyone in Rolls-Royce (1971) to be able to say precisely when the possibility of Chinese-licensed manufacture of the Spey became a major discommod. The topic evolved largely because the Chinese themselves, already equipped with spare Speys for their Trident airliners and anxious to buy more, came to realise that in the Spey

More Tridents

Those contacts led in turn to an order from the Civil Aviation Administration of China for more Tridents, until there were 35 on order, with a large team of Chinese engineers in Britain undergoing training, and a team of Hawker Siddeley and Rolls-Royce engine men in China.

From that point on, the progression to the latest deal was slow, requiring infinite patience on the part of Rolls-Royce (1971). For one thing, as all business negotiators with China point out, the Chinese cannot and will not be hurried. They have their own method and pace of doing things, and will not change it, no matter how desperately they appear to outsiders to need the equipment involved.

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Personnel

As the discussions with the Chinese advanced, Rolls-Royce found itself sending out not only more and more personnel, but also equipment. It became necessary, for example, to provide typewriters, secretaries, office equipment of all kinds down to paper-clips. Translation facilities alone required a small staff of its own, both in China and in the U.K. The last part of the deal took 14 weeks to complete by a team of 11 men.

One of the reasons why Sir Kenneth Keith, chairman of Rolls-Royce (1971), chartered a VC-10 jet from British Airways to go to Peking to sign the deal was the large number of personnel and equipment that had to be taken out, quite apart from the normal difficulties of reaching the Chinese capital (there are only a few scheduled air services from the West into China, run by Air France and PIA).

From now on, it is likely that Rolls-Royce will establish a semi-permanent office in China that will be the centre for all the work that will be involved in setting up facilities for producing the Spey under licence. This is likely to be the responsibility of Sir Stanley Hooker, the technical director of the company, who has had much to do with the deal, and who is by now an "old China-hand".

During the course of his visits to that country he has so impressed the Chinese that they have made him an Honorary Professor of Peking University. He is, therefore, has the opportunity of making regular visits. Everyone associated with the deal says the Chinese have been

punctilious and courteous throughout the negotiations, but very tough. One Hawker Siddeley man who had been there some time earlier to negotiate the Trident deal said he would spend a day discussing a technical matter to the point of exhaustion, only to be courteously thanked for his efforts.

This last point is not so paradoxical as it may seem—for what is still not clear in the West, and even to Rolls-Royce, is precisely just what the Chinese intend to do with the engine. It has been reported that the Chinese have a secret military aircraft design on the drawing boards aimed at out-bidding the Soviet MIG 23s, and which has been designed round the Spey, based on the knowledge of the engine the Chinese have already built up with it in several years of Trident operation.

Airframe

If that is so—and there seems no reason to doubt it—probably accounts for the Chinese meticulousness in the negotiations. It probably also means that for the first time, Rolls-Royce has found itself discussing the details of what aeroplane their engine is ultimately destined for. All they can say is that the engine they are selling is the complete Spey, with afterburner, which means a civil and military aircraft, if desired. Once they are building their own engines, the Chinese can do what they like with them.

Export Contracts

HIRST and MALLINSON will supply 156 technical colleges in Nigeria with catering equipment worth £250,000.

METAMATIC (Metal Box group) will supply a £63,000 beer canning line running at 300 cans a minute to the Mahou Brewery, Madrid.

DUNBEE-COMBEX-MARK will ship moulds, ancillary equipment and materials valued at £700,000 in 1976 to Russia for toy manufacture. It will be the first instalment of a 10-year programme calling for a minimum of £2.5m. of DCM moulds to go to the USSR.

GULLICK DOBSON INTERNATIONAL, Wigan, will build an impact ripping tool mining machine, worth £200,000, for Metallurgimport, Moscow, with an option for a second machine.

JOY MANUFACTURING, of Epsom, Surrey, will make ten Microdyne scrubbers costing £72,000 for the Polish mining authority.

U.K.-Japan deficit £55m.—Treasury

BY KEVIN RAFFERTY, ASIA CORRESPONDENT

THE U.K. TREASURY has produced figures which show that the U.K. last year had an overall deficit of £55m. in its trade with Japan and not the £800m. surplus claimed recently by the Japan Trade Centre (this page, December 4).

The Centre gave Bank of Japan figures claiming that the U.K. surplus on invisible trade more than offset the deficit on visible trade. According to the Bank of Japan statistics, the U.K.'s surplus on visible trade with Japan last year was \$1,460m. The U.K. authorities have so far not produced figures for invisible trade by countries, but £72,000 for the Polish mining authority.

Moreover, British sources joining issue with the Centre for suggesting that Japan's published visible trade surplus overstated the real figure. Mr. E. S. Bush, secretary of the Japan Association, points out that the Rolls-Royce engines in Tristars show up as exports to the U.S. in the British figures and as imports from the U.S. in the Japanese figures.

U.K. sources believe the published figures understate the deficit on visible trade. If account is taken, for example, of ships from Japan delivered to U.K. companies and sold to U.K. companies outside the U.K., the true deficit might have been as much as £350m. last year.

INVISIBLE U.K.-JAPAN TRADE

1974 1973 1972

Services

(net) +100 + 80 + 60

Interest, profits, divs, transfers

(net) + 95 + 35 + 10

Invisible balance +195 +115 + 70

Bank of Japan figures:

Invisible balance +625 +306 +156

U.K. Treasury figures:

(net) +100 + 80 + 60

Interest, profits, divs, transfers

(net) + 95 + 35 + 10

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Saudis may seek to purchase Jaguar jets

By Richard Johns, Middle East Editor

PRINCE Turki ibn Abdel-Aziz, Saudi Arabian Deputy Minister of Defence, arrives in London tomorrow for talks with the British Government that may cover the possible sale to the Kingdom of the Anglo-French Jaguar fighter-bomber.

Radio Riyadh announced yesterday that Prince Turki would "continue talks with the British Government on the Saudi Air Force" and a project for the purchase of the Jaguar. The purpose of his visit is to review the progress of work being carried out under the government-to-government air defence agreement of May 1973, according to Whitehall sources.

This £250m. deal was concerned with air defence infrastructure, maintenance and training—superceding and extending the 1967 contract under which Lightning interceptors, Strikemasters and Rapier missiles were supplied. But it was always seen as an agreement that could provide the framework for the eventual purchase by Saudi Arabia of the Jaguar.

Accompanying Prince Turki will be the Commander-in-Chief of the Royal Saudi Air Force and other high-ranking officers. The visit follows only two and a half weeks after the presentation by the British Aircraft Corporation of a Jaguar in Riyadh.

Crown Prince Fahd, First Deputy Premier, touched on the question of Jaguar when he was in London in October. Subsequently, during Egyptian President Sadat's State visit last month, the British Government agreed in principle to the sale of offensive weapons to Egypt which, it must be assumed, would be split apart and the aircraft bought by the Saudi Arabians.

What is not clear at this stage is just how precisely Saudi interest in the Jaguar fits in with the wider plans for the Arab Military Industries Organisation. Egypt now wants to buy at the deep end and by assembling a sophisticated offensive aircraft rather than a simpler one like the Hawker Siddeley Hawk trainer-ground support aircraft.

At the same time the Saudis, who are making the major contribution to the financing of the AMIO (with its initial capital of just over \$1bn.), are understood to be anxious that a significant part of its capacity should be established in the Kingdom itself.

As a low-level strike aircraft, the Jaguar would be compatible with the Mirage F1 that may be manufactured in Egypt as a result of the recent French agreement to assist with the development of an Arab arms industry. In military aviation circles it is considered that Dassault could only make available the high-level interceptor version now that the future of the multi-combat version powered by a M53 engine is in doubt. Following France's failure to win the order of the century for equipping Nato air forces, the latter is neither funded nor in production.

As for the Hawk, it now seems more likely that Egypt will buy it "off the shelf" in Britain—if it does not choose the rival French Alpha jet trainer.

Ford raises prices on wide range of vehicles

BY GUY DE JONQUIERES

NEW YORK, Dec. 15.

FORD surprised the rest of the U.S. motor industry this morning by announcing plans to raise its car and truck prices across-the-board early next year. Car and light truck prices will rise on average by 2.3 per cent and 2.8 per cent, respectively on January 5, while heavy truck prices will go up by 3 per cent on February 1.

Ford's action was followed this afternoon by the announcement of selective and much smaller car price increases by Chrysler, General Motors, however, said that it has no plans to raise car prices at present, though it will raise light truck prices by \$35 on January 1 to cover the cost of new federal seat belt standards.

There is considerable uncertainty in Detroit as to whether Ford will be able to make its unilateral pricing action stick without damaging its sales performance in a market that has still not fully recovered from the major upheavals of the past two years.

Because of its huge size and market domination—it accounts for some 35 per cent of domestic car sales—GM has traditionally been the acknowledged trend-setter in pricing for the industry. Its smaller competitors have succeeded only rarely in the past in sustaining price increases of their own if GM did not move as well.

Ford's market position seems all the more vulnerable now, because its traditional supremacy in the design and production of smaller, economical models is being hard-pressed by GM. In particular, Ford has no model to compete with GM's successful, new Chevrolet, which went on sale in the U.S. last October.

Ford said that its action to-day, which also includes a 1.5 per cent rise in optional accessory prices, was necessary to recover higher costs for labour and materials, including new safety equipment that will be required next year by federal law.

It said that during the past three model years it has been unable to recover costs of more than \$350 per vehicle produced. Its price increases for the 1976 model year, which began last October, recovered only about 60 per cent of expected cost rises during the model year, and even the latest price rise would not cover all 1976 model year costs.

Ford's price increases average \$97 per car compared with increases of between \$55 and \$70 on certain Chrysler models. Increases, which cover brake and tire improvements needed to comply with federal law, average out at about \$3 per car. The last industry-wide price increases occurred last October and averaged between three and five per cent per car, though the ways in which the companies applied them varied considerably.

GM plunged for a straight across-the-board increase in car prices averaging 4.4 per cent. Ford raised the base prices of its cars by only 1.8 per cent, but it also made optional a good deal of equipment that had previously been fitted as standard, so that the net effect has a five per cent increase.

State declaring open warfare against the organisation. "It was perhaps the worst of aggressions because it struck against the foremost guarantee against war."

Mr. Ramphul made his statement during the discussion of a resolution on the strengthening of the role of the UN, which was adopted.

Lockheed ordered to hand over documents

BY JUREK MARTIN

A FEDERAL judge to-day ordered Lockheed to turn over to the Securities and Exchange Commission all documents relating to the company's alleged bribery of foreign officials in its attempts to secure overseas arms contracts. Lockheed would have five days to meet any SEC request for information.

However, in apparent recognition of the arguments of Dr. Henry Kissinger, the Secretary of State, that full public disclosure might harm U.S. foreign policy interests, the judge appeared to give the State Department what amounts to a veto over publication of what it considers sensitive material.

He said that the SEC would have to give the State Department and other affected agencies advance notice of any disclosure.

Lockheed has already admitted making payments to key foreign officials in the Far East and the Middle East and it has been suggested, but not so far proven, that the sales of aircraft to European countries have been accompanied by similar inducements. It was this that prompted Dr. Kissinger to advise the judge that there was "unsubstantiated and potentially damaging" information in the Lockheed documents.

Lockheed has been awarded \$60m. in contracts by the U.S. Government in the past two years according to the Philadelphia Enquirer. Eight per cent of the contracts were awarded without competitive bidding; the newspaper said most of the \$60m. represented Defence Department contracts.

Argentine devalues

In the 14th Argentine devaluation since March the Central Bank yesterday brought the Argentine new peso from 53.3 to 58 to the dollar, writes Robert Lindley in Buenos Aires. Whole sale prices in Argentina have risen 306.8 per cent for the first 11 months of the year.

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Journalists at Post to stay in

Journalists at the Washington Post yesterday to stay in work despite the paper's decision to hire non-union printing to replace "pressmen" who have been on strike for the past two weeks, writes David Bell Washington.

After a four-hour meeting, local branch of the Washington Newspaper Guild voted by 361 to 219 to stay in work in a move which it further isolates the printers. Post has described as its offer. The pressmen's ultimatum that if they did not accept offer by mid-night last night Post would begin hiring permanent, non-union replacement. They have refused to give the considerable control of now have over manning overtime.

U.S. concern over Soviet laser use

The U.S. today admitted concern over possible Soviet use of lasers to "blind" American satellites which watch for Soviet missile launches. It appears, however, that the matter has actually been taken up with Russians.

Eximbank nominee

The White House announced yesterday that President Ford is naming Stephen M. Durr Jr. a New York investment banker, as head of the U.S. Export-Import Bank, APJ reports. Mr. Durr has been a partner in Lazard Freres & Co. since 1972. Earlier, he was with Lehman Bros., another New York investment bank.

Hughes contracts

Billionaire reclusive Howard Hughes has been awarded \$60m. in contracts by the U.S. Government in the past two years according to the Philadelphia Enquirer. Eight per cent of the contracts were awarded without competitive bidding; the newspaper said most of the \$60m. represented Defence Department contracts.

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What's in a name?

A name that's recognised can inspire awe, envy or, in this case, confidence. It's a name with a reputation for accepting only the best, and maintaining the highest standards. An assurance for the wine-buyer that his choice has been expertly selected and carefully shipped.

A very good wine reasonably priced. Distinguishing it from the ranks of all the rest. In other words, a name such as ours can sometimes be all the guarantee you need. Because when it says Bouchard Aîné on the label, it says a lot for the wine.

read the small print first

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*Aîné denoting the eldest son of the family

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KOREA TRADE CENTRE
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28 Charing Cross Rd., London WC2H 0DB
Tel: 01-240 3192 Telex: 22375 Moogong Cbl: MOOGONG London

LABOUR NEWS

Murray seeks urgent talks with PM on BSC's plans

BY LORELIES OLSLAGER, LABOUR STAFF

AN URGENT meeting between Mr. Harold Wilson and trade union leaders was being requested by Mr. Len Murray, TUC general secretary, to discuss the British Steel Corporation's plans for saving £14 to £170m. in labour costs, comprising particular concern about the effects on unemployment in Scotland and Wales.

Mr. Murray's letter to the Prime Minister is a first indication that BSC's plans will meet strong opposition from the trade union movement at a time when it is increasingly worried about the high level of unemployment.

The corporation has declined to say how many redundancies its plans entail, but steel union leaders have estimated that could involve the loss of 40,000 jobs if account is taken of the fact that many people will leave the industry because of the proposed sharp cuts in earnings.

The corporation today starts a series of meetings with union representatives at plant level to explain the immediate effect of the cost-saving plan on their members.

In Scotland, it is expected to announce that a number of old-fashioned open-hearth plants, which were given an extended lease of life by the Government in the autumn, will have to be closed within the next few months.

The corporation maintains the plants will be re-opened once the trading situation picks up, but nobody on the union side is prepared to believe this.

At many other plants, workers will be told that BSC reserves the right to eliminate premium shifts or that there will be work available for only a few days each week and that workers must draw unemployment benefit for five days not worked.

Grass roots protests are expected to be made while the unions at national level will be trying to get the Government to intervene. The executive of the Iron and Steel Trades Confederation, the biggest steel union, will hold a special meeting on Thursday to consider the situation.

In an article written before BSC informed the unions of its plans last Thursday, Mr. Bill Sims, ISTC's general secretary, disclosed some of the proposals the unions had prepared for discussion with the Corporation. These included the possible transfer of a substantial part of BSC's debts into Public Dividend Capital, the sale of overseas assets and surplus land and buildings in the U.K., renegotiation of fixed price contracts, postponement of all anti-pollution investment and a cut-back on subcontracting.

Shipyard managers form new union

BY ROY ROGERS, LABOUR CORRESPONDENT

MANAGERS in the shipbuilding and repairing industry have formed themselves into a trade union in anticipation of the industry being nationalised towards the end of next year.

Allied Shipbuilding and Repairing Management Association, as it is called, is almost certain to find itself in conflict with TUC-affiliated unions already well established in the industry.

The situation closely mirrors that when the steel industry was nationalised eight years ago. Then TUC unions battled between themselves and with the Steel Industry Management Association for representation of British steel Corporation while-collar workers. SIMA, which eventually won negotiating rights for BSC's 3,000 middle-management grades, has recently opened merger talks with the Iron and Steel Trades Confederation. The industry's main union.

Already, the Confederation of Shipbuilding and Engineering Unions has instructed member unions not to co-operate with the Shipbuilding and Allied Industries Management Association (SAIMA).

Set up in June, SAIMA now claims to represent more than half the industry's 2,500 managers and principal staff officers, and plans to appoint a full-time general secretary in the new year. It cannot be coincidental that he is to be Mr. Chris Hayward Jones, previously assistant general secretary of the Steel Industry Management Association.

Mr. Paul Rhodes, acting general secretary, maintains it is a bona fide trade union whose main aim is to make the industry prosperous for the benefit of everyone employed in it.

Mr. Rhodes said that he had written to the confederation offering discussions on ways of co-operation and that he expected "no genuine point of conflict".

Right-wing increases majority in EPTU

By Lorelies Olslager, Labour Staff

VOTING figures released yesterday for executive elections in the Electrical and Plumbing Trades Union showed vastly increased majorities for all the five Right-wingers who were re-elected.

But the one Left-winger to join the present 12-man executive also had a majority of nearly 500 over his nearest rival.

Under union rules, the results became valid yesterday when they were confirmed by the sitting executive.

The massive increase in votes for the Right, which follows a similar trend in the recent elections in the Amalgamated Union of Engineering Workers, does not change the political balance on the executive, however.

All the Right-wingers have been sitting members, and the newly elected Left-winger fills a vacant seat, so that Mr. Frank Chapple, the union's general secretary, will in future have to contend with a Left-wing minority of four instead of three.

The biggest Right-wing triumph was scored by Mr. Bill Blair, the sitting member for London who increased his majority from 118 in 1970 to 378. His challenger had been Mr. Fred Gore, chairman of the British Airways joint shop stewards committee.

Mr. Tom Breckell, the union's president, increased his majority from 2,120 to 3,890.

Mr. Bernard Clarke, the member for Wales, had a majority of 4,370 compared with 155 in the last elections.

In Kent and Surrey the sitting Right-wing member, Mr. G. Hammond, beat the challenge of reformist candidate Bill Bunting by over 500 votes.

The lone Left-winger winner, Mr. Hector Barlowe, who takes the vacant plumbers' seat for Scotland and Ireland, had a majority of nearly 500 over his nearest Right-wing rival in a much smaller constituency.

Some 33 per cent. of union members eligible to vote are estimated to have taken part in the ballot, against an average turn-out of about 20 per cent.

TGWU pledge on NUR dock-members' jobs

BY OUR LABOUR STAFF

THE TRANSPORT and General Workers' Union, representing Britain's 32,000 registered dockers, yesterday apparently succeeded in reassuring the National Union of Railwaymen that its dock members' jobs would not be affected by the recently introduced Dock Work Regulation Bill.

The NUR, with some 6,000 members in the docks, mainly employed by the British Transport Docks Board, is one of three major unions seeking amendment to the Bill that would specify their members' rights.

The other two are the General and Municipal Workers' Union and the Union of Shop, Distributive and Allied Trades.

Pressure from these three, and their sponsored Labour MPs, has been partly responsible for the postponement of the Bill's Second Reading, which was to have been taken yesterday.

After meeting NUR officials yesterday, Mr. Tom Cronin, TGWU official for the industry, said there was "absolutely no disagreement".

Under the Bill as it stood, there was no question of jobs being transferred or NUR members having to switch unions.

In addition, the TGWU gave assurances that promotion prospects would not be affected and existing negotiating arrangements honoured.

The NUR, which until a few years ago had sole bargaining rights in the old railway docks, is, however, determined to see changes made to the Bill. It also says relations between the two unions at port level are "strained to the limit".

The controversial Bill extends the geographical area and type of work in which registered dockers must be employed and gives dockers prior rights of employment in the new areas or their existing special terms.

Hull-Rotterdam ferry to close at year's end

BY OUR LABOUR STAFF

THE DANISH owners of a catamaran-type twin aft hull ferrying loaded barges between Holland and Britain, conceded defeat yesterday in an 18-month struggle with British dockers.

A spokesman for the owners of the Bact One, which has been running between Rotterdam and the Humber with loads of up to 13 barges totalling 2,400 tons, said there was no basis for continuing the traffic after many shippers "defected" from the line for fear of trouble with dock unions.

The Bact One, the only vessel of its kind in the world, was to have been joined by a sister-ship ordered last year, but the order has been shelved, at least temporarily.

Hull dockers protested against introduction of the vessel, which reduces the need for loading and unloading of river barges.

Entering the ferry between its catamaran-type twin aft hulls, ten 140-ton barges can be lifted on to the deck of the Bact One, and three 376-ton barges are moored between the twin hulls.

The spokesman for the Danish owners said all efforts, including offers of payment of "certification compensation" for possible loss of stevedoring work, to accommodate the dock unions had failed.

Even though the dockers' horizon of the Bact One was "ineffective" since she did not have to dock to take barges aboard, the indirect pressure of the unions scared away the shippers, he said.

The spokesman for the Rotterdam-Humber run will come to a halt by the end of this year. We are now looking for other uses for the ship and for the 53 barges built for it."

Bill Kendall for Whitley Council post

By Our Labour Staff

MR. BILL KENDALL, general secretary of the Civil and Public Services Association, has been appointed secretary of the staff side of the Civil Service Whitley Council with effect from next June when Mr. John Dryden, the present holder, retires.

The CPSA executive has nominated Mr. Ken Thomas, deputy general secretary, as Mr. Kendall's successor.

Mr. Thomas's nomination will have to be confirmed by the union's annual conference next spring.

£6 for knitwear workers

BY OUR LABOUR STAFF

TWO OF the biggest employers in the knitwear industry, Courtaulds and Marathon, have reached agreement with the National Union of Hosiery and Knitwear Workers on a pay settlement giving virtually all their 18,000 workers staged increases totalling 26-a-week by next June.

Meanwhile, Courtaulds announced that 16 of the company's Lancashire spinning mills will be closed for an extended Christmas break because of the bad order book situation and the Amalgamated Textile Workers Union urged the Government to make an immediate announcement on import controls.

The pay settlement in the knitwear sector follows several weeks of sanctions, including one-day strikes, imposed by the hosiery and knitwear union in pursuance of its claim for the full £5 payable in two stages. The employers had initially offered a 10 per cent. pay rise.

Yesterday, the union claimed that those of its members who had not yet obtained a settlement with companies represented by the Knitting Industries Federation staged another widely observed one-day strike, while work continued normally at Courtaulds and Marathon.

The settlement with both companies provides for payment of £4 a week from next January and another £2 a week from the end of June for time-workers. Piece-workers will be able to earn similar increases through adjustment of the "wage values" on which their rates are based.

Work to rule

Mr. Harold Gibson, the union's president, said some 98 per cent. of the piece-workers would be able to earn the full amount.

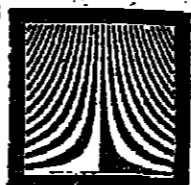
The union will have new talks with the Knitting Industries Federation later this week.

It has suspended its strike instruction for the next three Mondays, but Mr. Gibson said the working-to-rule would continue until there was agreement and Monday strikes would resume on January 12.

In a telegram to the Prime Minister on the situation in the spinning industry, the Amalgamated Textile Workers Union said "wholesale unemployment" was threatening and the need for Government action on imports was extremely urgent.

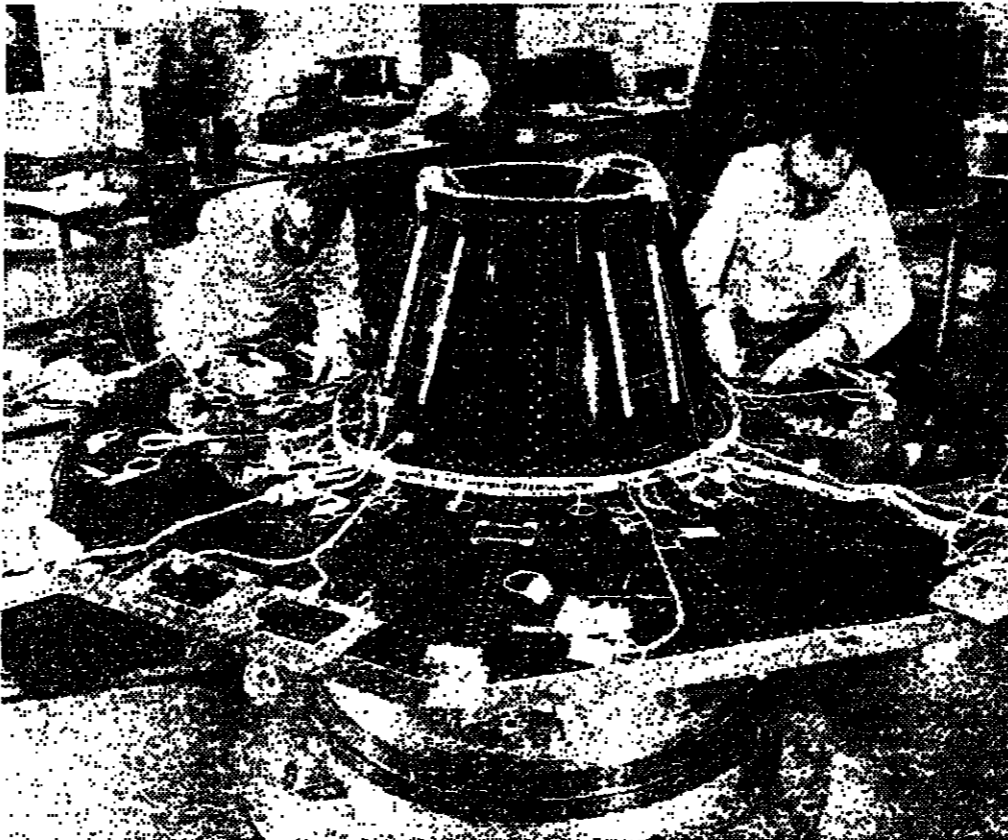
The telegram is the latest shot in the Lancashire textile industry's long campaign for tougher import controls.

It comes towards the end of a year in which the industry estimates it lost 10 per cent. of its manpower, and had to close more than 25 mills.



The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOTTERS



PROCESSING Small arc furnace for laboratory

THE FIRST small arc furnace built to a new design is scheduled for installation in the new Corporate Advanced Processes Laboratory being established by the British Steel Corporation in Teesside. The furnace is to be used in the investigation of steelmaking techniques. The order, valued at around £125,000, has been placed with Birley by Davy Ashmore International, on behalf of BSC.

Maximum capacity of the new furnace will be four tons of steel, and it will be capable of melting to a flat bath three tons of steel scrap in about 15 hours. Its electrical rating will be 1500 kVA.

Main feature of the new furnace is the rigid tilting platform which carries the furnace shell

RESEARCH Stops noise at source

NOISE CAN BE generated by a broad range of mechanical components such as gears, sliding devices, cams, rotating shafts, bearings, etc. Normal mechanical engineering design, however, does not treat the problem of noise suppression and for that reason a study has been undertaken to find the design techniques to allow the systematic design of low noise mechanical devices.

Incrumite I, a high damping copper alloy developed by International Copper Research Association, has been examined for use in a variety of typical components which are noted for their high noise output. A philosophy has been developed which should make the engineering designs easier for applying Incrumite to structural components using the techniques described.

Incrumite is now embarking on a series of field trials to illustrate the effectiveness of Incrumite in solving noise problems in a wide variety of mechanical devices.

ENERGY Business afoot in hot rocks

A HARWELL scientist is one of three experts recently appointed to represent Britain on a European committee looking into prospects for geothermal energy.

Dr. John Garnish, in his EEC role, of finding organisations or individuals in Britain who are willing to carry out geothermal contract work.

The kind of work is extremely varied, ranging from area data acquisition to steam production. Applications or inquiries about contract research in geothermal

ELECTRONICS Pye attack on the U.S. market

PYE CONNECTORS already in the Far East, Africa and Europe, is planning to break into the American market with its modular printed circuit board connector.

Initially Electro-Technical Marketing Association of 3525 W. Peterson Avenue, Suite T-7, Chicago, Illinois 60659, will act as distributors in Wisconsin, Michigan, Illinois and Indiana. Negotiations for the appointment of two more distributors are at an advanced stage.

Modulo connectors are available with 0.100 and 0.150 inch plugs and 0.100, 0.150 and 0.156 inch sockets. They are presented in up to 85 ways—either single or double sided—depending on the contact pitch. All feature low insertion force of only 3 to 5 oz per way and are available with three types of contacts—solder eyelet, dip solder and mini-wrap.

The company is at Hellenin Street, Siggleswade, Beds. Siggleswade 312086.

MATERIALS Keeping the feet on the ground

NON-SLIP coating materials for floors have been introduced by ECP Resins of Alfreton, Derbyshire, following intensive tests, including the application of the materials to a British Rail station footbridge. During the BR tests over a period of two years, the footbridge, which is exposed to all elements, has been used by nearly 300,000 pedestrians with a minimal amount of wear to the non-slip coating.

Resilay consists of a tough resilient synthetic resin base containing a graded aggregate with exceptional abrasion resistance. It is available in three grades of coating for varying applications.

Resilay L is a light duty coating, mainly suitable for foot traffic and light wheeled traffic. It is particularly recommended for use in industrial warehouses, works offices, and working platforms around process plants.

PACKAGING Vacuum packs in multiples

A VACUUM packer, the Dixie-Vac 2400 is being marketed in the U.K. by the ABR Food Machinery Co. (a member of the Thorn Group).

Made by the Dixie-Union Co. West Germany, it is designed for the multiple vacuum packaging of fresh and cooked meats, bacon, cheese and similar products packed in trays and sachets.

It operates from two 420 mm. reels of packaging film (obtained from any source). From the lower web trays can be drawn up to 100 mm, or 150 mm, deep, depending upon the model ordered. Two basic models give maximum strokes of either 400 mm, or 650 mm, with five options on length of loading area from 550 mm to 3,000 mm.

Length of stroke can be adjusted by turning a handwheel without changing gears. There are no slip-and-cut-off variations, even with heavy products, it is claimed, so it is easy to match plus and minus tolerances on a printed top film.

To make evacuation more effective and to achieve a higher output speed evacuation of the chamber and the packs has been separated. If desired the injection of an inert gas is possible before the packs are hermetically sealed by the heated seal-frame in the top half chamber.

Details from ABR Food Machinery Co. Denbigh Road, Bletchley, Milton Keynes. MK1 1DQ (0908 78421).

LIGHTING Powerful hand lamp

A HAND-HELD battery-operated halogen lamp, which projects an extra wide uniform beam of intense light through a system of optical lenses, can illuminate an area of 300m² (2,300 feet²). The intensity and uniformity of the light produced is such that a newspaper can be read at any point in the illuminated area.

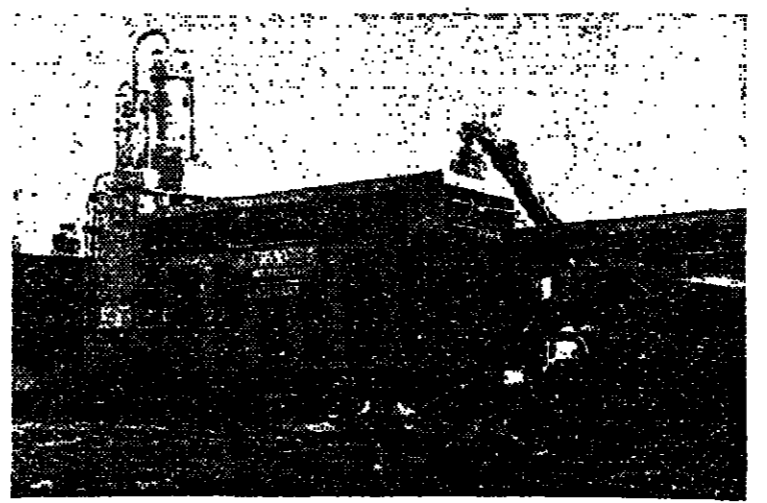
The L 140 searchlight lamp is manufactured by Mitalux International AG, of Basel, Switzerland, for use by repair and maintenance crews, security patrols, police, fire and rescue services, underground workers and all others who require a sturdy and maintenance-free portable light source.

The Energy Technology Support Unit at Harwell was set up by the Department of Energy representative on the EEC Advisory Committee on Geothermal Energy, Dr. Garnish expects to travel to Brussels three or four times a year. His two British colleagues will represent Industry and the Institute of Geological Sciences.

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PARKFIELD IRON & STEEL CO., LTD.



The new machine capable of baling 100 tonnes per hour is situated in a Works equipped with two new automatic weighbridges and wide concrete roads for the convenience of our customers who require a safe and speedy turn-round of their vehicles.

The complex has the back up support of our own fleet of modern vehicles, equipped for customer service, capable of providing a most efficient clearance service throughout the area.

FOR THE SCRAP SERVICE THAT SATISFIES — TELEPHONE WOLVERHAMPTON 51587

LAINC THE COMPLETE CONSTRUCTION SERVICE

DATA PROCESSING Simplified microfilm processor

CAPS Microfilm, member of Pilkington Group, has introduced the Seborex microfilm processor, an extremely simple machine which processes 30 metres (100 feet) of film in approximately one hour.

It has developing and fixing solutions thermostatically controlled which are sufficient to process approximately 30 metres (100 feet) of film in 30 minutes (or 100 metres (300 feet) of film in 100 minutes). The process is very easy to operate and requires no specialised photographic skills.

Manufactured from corrosion free black plastic and high quality stainless steel, the unit gives complete electrical safety by the use of a 24 v transformer which can rest on the floor adjacent to the electrical supply point. This ensures that no high voltages are ever present in a machine which contains liquids.

Measuring 560 mm x 210 mm x 530 mm the Seborex weighs 16 kg. (35 lbs).

For details contact: Microfilm 7, Newmarket Road, London, NW9 9RG (01-204 4111).

CONFERENCES Plasterers will meet in London

THE 58th annual convention and exhibition of the International Association of Wall and Ceiling Contractors (whose headquarters are in Washington DC), is to be held at Grosvenor House, London, from March 19-26.

The convention is being held in the United Kingdom for the first time, and it will be the first joint meeting between European and North American contractors in the travelling, ceiling fixing and dry-lining trades.

Over 1,000 delegates are expected from Canada, Australia and Japan, as well as from Europe and the U.S.

Details are available from Mr. K. M. Williams, Director, National Federation of Plastering Contractors, 82, New Cavendish Street, London W1M 5AD.



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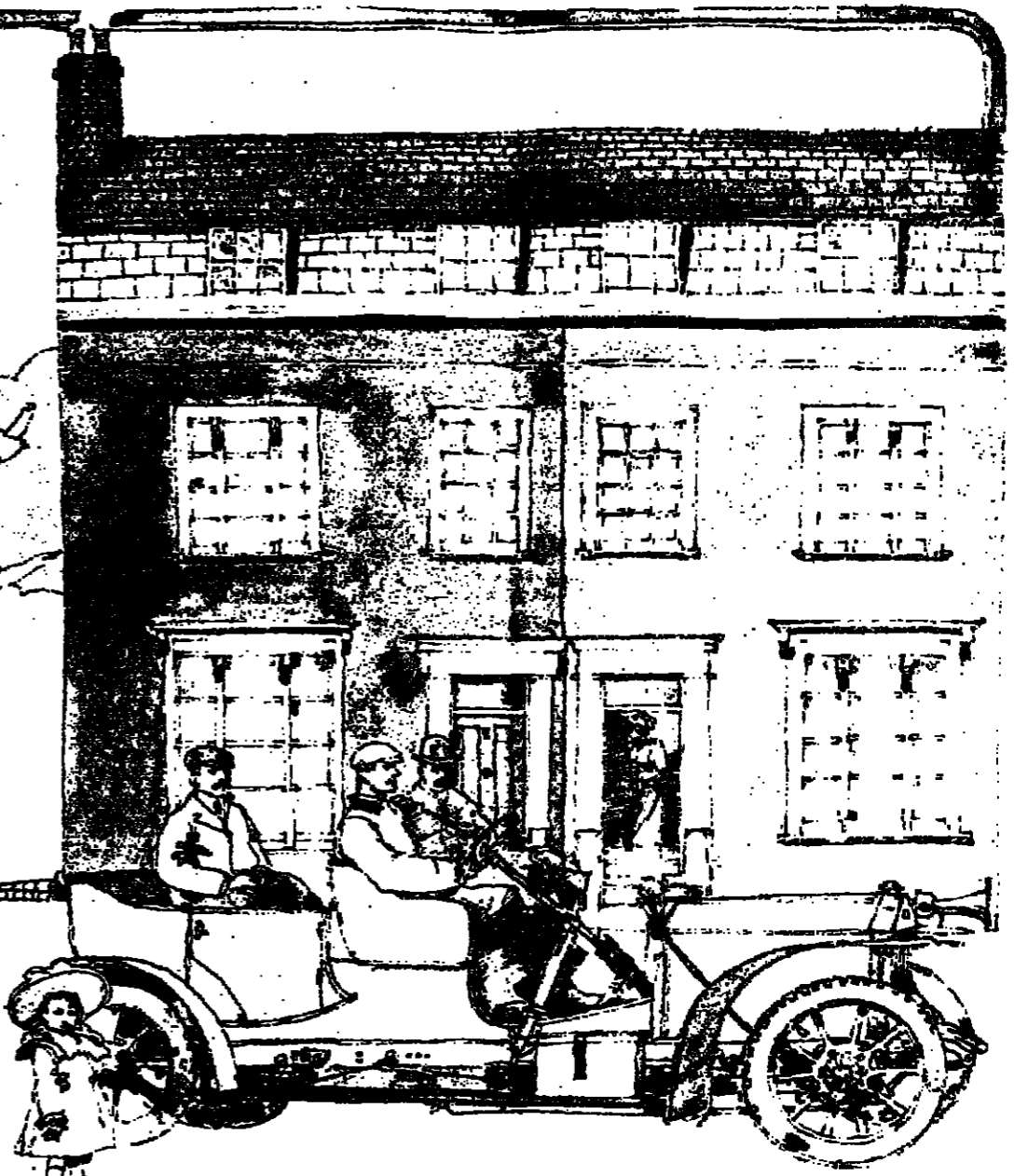
The BE Group

GROUP HEAD OFFICE: Bifurcated Engineering Ltd., P.O. Box 2, Mandeville Road, Aylesbury Bucks, HP21 8AB. Tel: Aylesbury (0298) 5911

Alec Pine Fasteners Ltd., Aylesbury Automation Ltd., Aylesbury Turned Parts, The Bifurcated and Tubular Rivet Co. Ltd., Black & Luff Ltd., Davidson Rivets and Tools Ltd., Dico Packaging Engineers Ltd., GTN Printed Circuits Ltd., James Haywood & Co. Ltd., J. & W. B. Tool Co. Ltd., Weighcock Ltd.



1861. A block of Model Cottages erected with the aid of the Society. The cost: £75 per house.



1906. The new middle class with the aid of Society mortgages were at last buying their own properties.



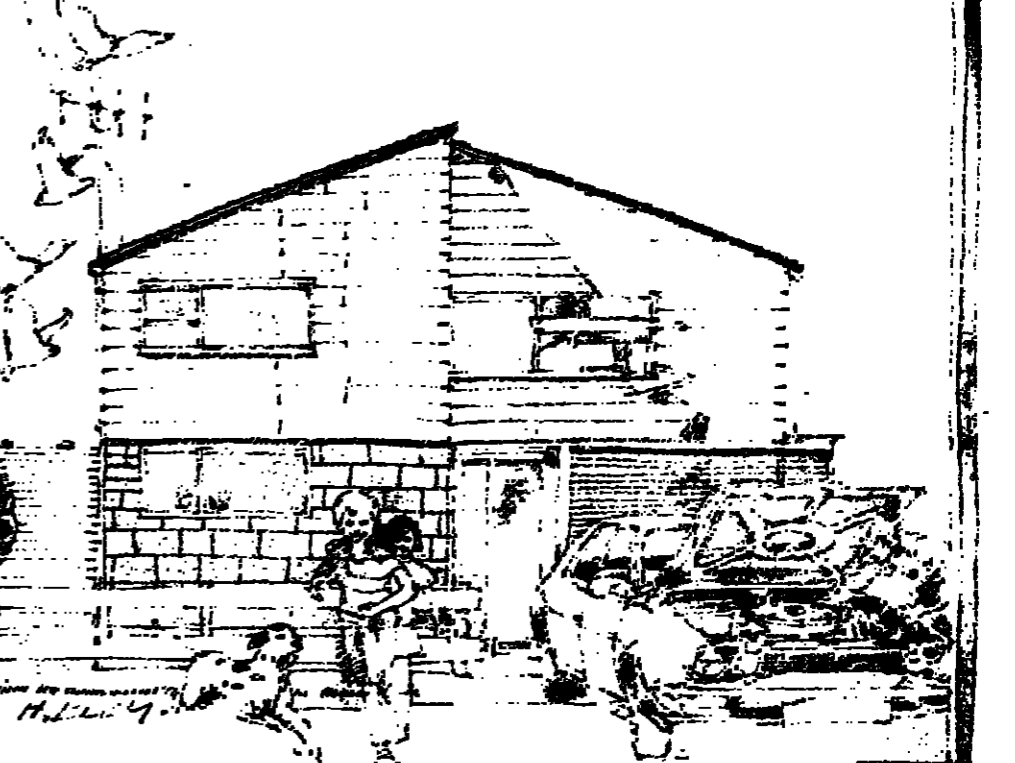
1914. With remarkable foresight the Society insured all properties within 10 miles of the East Coast against war damage. When the Zeppelins came a lot of people rested easier.



1920. After the war, a house famine. But a special agreement between the Society, Corporations, Insurance companies and builders went a long way to meeting the increased demand.



1930. Not only did the Society get a new home in 'Permanent House' Leeds, but it contributed to Britain changing from a nation of rent-payers to a nation of house-owners.



TODAY. As the fourth largest in Great Britain, the Society, continuing its policy of promoting house-ownership, makes a special point of encouraging the first-time home buyer.

FOR GENERATIONS WE'VE BEEN BUILDING OUR REPUTATION.



"1975... a year of great economic stress, but despite its many problems it is with considerable pride, that I report record results."

J. C. Roscoe, JP, DL, ACII, President (15.12.75).

Our foundations rest firmly on generations of confidence. We value this trust, because it has existed through many different economic climates.

1975 has been a year of uncertainty for many, but we believe that our performance has once again demonstrated that building societies are responsible custodians of the community's savings.

Our total assets reached £1,354 million.

"The Society's assets now amount to £1,354 million compared with £1,109 million a year ago, an increase of 22.05%. This rate of growth in both real terms and percentage-wise is the highest in the Society's history."

Our investment receipts were a record.

"... a record total of £595 million was received from shareholders and depositors.

And for the first time on record, the number of new investment accounts opened during the year exceeded a quarter of a million."

Our mortgage lending - the highest ever.

"Mortgage lending of £271.4 million was a record - 25% higher than the previous year..."

Our lending averaged almost £5½ million per week throughout the year.

We granted 37,500 new mortgages and helped another 7,800 existing members to improve their homes."

We're still building.

This year saw the opening of 25 new branch offices.

In total we now have 187 branches and 1,500 agents throughout the country.

This progress is designed to ensure that future generations can have all the confidence they seek.

Our reputation stands on it.

The Leeds
PERMANENT
BUILDING SOCIETY



Tories lose patience over Chrysler delay

BY JOHN HUNT

Treasury plans to plug tax loophole

FINANCIAL TIMES REPORTER

PROVISIONS are to be included in next year's Finance Bill with retrospective effect to yesterday—aimed at countering tax avoidance schemes operated to benefit individuals under leasing partnerships.

Mr. Robert Sheldon, Financial Secretary to the Treasury, said in a Commons written reply yesterday.

He told MPs: "I am aware that schemes have been devised which exploit the 100 per cent first year allowance in conjunction with other tax provisions to minimise the tax liability of higher rate taxpayers through the medium of leasing partnerships. Substantial amounts of revenue are at risk."

"I therefore propose to introduce provisions in the next Finance Bill which will ensure that where machinery or plant is leased or chartered by a partnership which includes a company and an individual, or by an individual or a partnership of individuals with an arrangement to bring in a partner at some time in the future, whether trading or non-trading, the tax relief for capital allowances will be available only against the rental income of the partnership or individual."

"This legislation will apply to any expenditure on such machinery or plant incurred after today."

Rate increases much lower next year, says Crosland

RATE INCREASES next spring will be very substantially lower than they were this year, Mr. Anthony Crosland, Environment Secretary, said in the Commons yesterday.

Moving an increase of £1,042m. in the total rate support grant, Mr. Crosland said that this would bring the total handed out by the Government to £5,747m. in the 1976-77 financial year.

He said that grants, as they now stood, had been determined at November, 1974 prices, and they had now to be adjusted to take account of increases in prices.

Last year's unprecedented crisis for local authorities had been met by an unprecedented rate of grant of 66 per cent. "Next year it will be different. Local authorities should budget for a standstill in current expenditure, not growth."

They could expect a sharply declining rate of inflation because of the Government's anti-inflation policy, and their general financial position was much healthier than a year ago.

Mr. Crosland said that at November, 1975, prices the aggregate Exchequer grant would be £6,842m., which would mean a reduction in the grant percentage to 63 per cent.

"He could not hope that there would be room for any extra growth in local government expenditure next year, because spending this year was likely to reach the level we planned for next year."

The implications of a standstill in expenditure were unpleasant even harsh. But the increase now being felt was largely as a result of public demands on their

THE COMMONS witnessed some fierce skirmishing over the Chrysler situation yesterday prior to the main battle, which is expected to-day when Mr. Eric Varley, Industry Secretary, makes a full statement to the House at the beginning of the debate on the car industry.

The Tories, impatient at the continual delays and the lengthy Press reports of Cabinet in-fighting, demanded to know when MPs would see the gloomy report on the future of the motor industry in Britain which has been prepared by the Central Policy Review Staff.

They also wanted to know when the Government would publish its reply to the equally critical report on the industry which has been drawn up by the Commons Expenditure Committee.

After angry exchanges and a Conservative demand for an emergency debate, Mr. Bob Mellish, the Government Chief Whip, announced that the CPSR report would be available at 11 a.m. to-day, published in full.

But the wrath of the Opposition, and some Labour MPs, continued unabated when he said that the reply to the Expenditure Committee would not come until after the Chrysler announcement had been made.

As Mr. Mellish tried to fight off the Opposition, a deadly shaft was hurled from his own back-benches. Mr. Pat Duffy (Lab. Attitude), who was chairman of the Expenditure Committee

Foreign cars push up share of U.K. market

IMPORT penetration of the U.K. car market was 33.4 per cent. in the first eleven months of this year, compared with 27.1 per cent. in the corresponding 1974 period, Mr. Peter Shore, Trade Secretary, said in the Commons yesterday.

In January-November, 1975, exports of cars totalled £451.3m. compared with imports of £473.6m. In recent months, Japanese car imports had been



MR. BOB MELLISH
"I don't hector."

which produced the report, angrily accused Mr. Mellish of treating the Committee and the House with discourtesy.

There were gleeful cries from the Conservatives as he declared: "MPs will wish never again to see the Government delay a reply in a backbench report simply because it may well be a little inconvenient or embarrassing."

A lengthy tussle followed

continued effort by the British car industry, in some cases with the help of the Government, to get our car industry back firmly on its feet," he declared.

Other countries rising, particularly in cars, of about £22m. this year. That represented a considerable and adverse change from last year. "It emphasises the need for continued effort by the British car industry, in some cases with the help of the Government, to get our car industry back firmly on its feet," he declared.

Opposition environment spokesman Mr. Timothy Raison said Mr. Crosland's attempt to provide some reassurance for ratepayers looked pretty unconvincing.

Last year domestic ratepayers were most unhappy but this year the commercial and business ratepayers were equally miserable. There was real hardship in many smaller businesses.

Rates occurred capriciously and unfairly, fundamentally because they were not related to people's incomes. In areas where the standard of living was allegedly higher, it was no consolation for poor people to have to pay through the nose.

The annual reallocation of elements in the rate support grant also contained difficulties. There was a risk of "political jiggery-pokery" in relation to elections.

Mr. Raison said the Opposition had felt Mr. Crosland was beginning to be more realistic this year when he made his famous speech telling local government that "the party is over." But he was still pursuing the most extravagant ways of providing houses and pursuing the Community Land Act.

He asked what would happen when the Government's pay policy ran out next summer. Any pay settlement in local government was of crucial importance, and local authorities should know how they were to budget if the Government failed to reach the target of single figure inflation.

It was a vital necessity not to pile more expense on the rates. The Government should apply for greater pressure on local authorities to hold down rates.

It was not enough to rely on elections, because many parts of the country would not be holding elections next year.

"Local authorities must economise and realise the burden carried by the wealth producing sector of the community is now altogether excessive."

Mr. Carr, Conservative MP for Carrington, said in a letter to Dr. John Gilbert, the transport Minister, that his previous correspondence with Dr. Gilbert was "wholly unsatisfactory" and he wanted to head a deputation.

The continued delay might be slightly less intolerable if there were the slightest chance of actually constructing the northern extension of the M23 in the foreseeable future, however foolish it would be to do so. In practice however, the economic position is such that the chance of building this road for many years to come must be almost zero."

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Mrs. Castle hopes pay beds plan will bring hospital peace

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

THE COMPROMISE proposals for a solution to the pay beds issue were outlined yesterday by Mrs. Barbara Castle, Social Services Secretary, with the hope that they would lead hospital consultants and specialists to end their "damaging industrial action."

But anxiety over the intended arrangements—and even some suspicions about the intended outcome—came from both sides of the Commons in response to Mrs. Castle's statement.

She assured MPs that if the proposal and normal working was resumed, then the Government would embody the proposals in legislation.

The legislation was to enshrine to principles: first, that private beds and facilities should be separated from the National Health Service, and secondly, it would explicitly commit the Government to the maintenance of private practice by renewing the existing legislation which entitles doctors to work both privately and in NHS establishments.

It was accepted, said Mrs. Castle, that there were some pay beds and facilities which could be phased out without delay because of their under-use or the reasonable availability of alternative facilities for private practice.

The Bill she proposed would, therefore, detail 1,000 pay beds to be phased out of the NHS within six months of it becoming an Act of Parliament. The pay beds so to be treated would be listed on the criteria she had mentioned after consultations with all concerned.

The phasing out of the remaining pay beds would be determined by the Board which would be guided by particular criteria. This would require that there should be a reasonable demand for private medicine in the area.

It is both wrong in principle and much more expensive. "I am certainly looking at all relevant factors including certain features of the French scheme," he stressed.

Replying to Mr. John Stanley (C. Tonbridge and Malling) the Minister agreed that an improvement in Britain's balance of payments position through an expansion of exports would be preferable to any improvement obtained through import controls.

Mr. Robert Davies (C. Kentsford), former Trade and Industry Secretary, highlighted the advantages of the French cost escalation scheme, including its greater flexibility which, he said, provided material advantages for French exporters.

Mr. Shore acknowledged that some features of the French scheme were undoubtedly more generous than those which had been introduced in the U.K. but underlined the fact that as a House rises for the Christmas recess on Friday,

that if world trade is expanding, that is the point which has been emphasised and over again. Mr. Shore added that he hoped to be able to complete the review of the cost escalation scheme and make a statement before the Christmas recess on Friday.

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One of the factors the Board would bear in mind in deciding whether private facilities for specialised operations, treatments and investigations, should be phased out would be the willingness of the NHS to make such facilities reasonably available on an occasional basis in an enduring settlement.

Mr. Castle hoped the Government's policy of separation would be achieved, but in a way which would allow the NHS to make such facilities reasonably available on an occasional basis in an enduring settlement.

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FINANCIAL TIMES SURVEY

Tuesday December 16 1975

Pacific Capital Markets

World recession has put the brakes on the economic development of the emerging countries of the Pacific region. For the financial centres involved, the message is that until recovery occurs the way ahead is likely to prove difficult.

ALL COUNTRIES on the rim of the Pacific Ocean have been going through a period of uncertainty this year. Bright new ventures have been put into cold storage as one country after another has concentrated on pulling through without any major disruption to its political and economic system.

The world recession has been the most powerful unsettling factor, and no country has escaped its effects. The mighty industrial power of Japan has been greatly affected, but that was to be expected. Japan has few raw materials of its own and depends almost entirely on oil for its energy supplies. But even Australia, young, brash, able to flex resource-rich muscles, has plunged into economic—and hard upon its heels, political—gloom. It remains to be seen whether Mr. Malcolm Fraser's landslide victory will sweep away the political divisiveness in Australia. In terms of GNP growth rates the developing countries of Asia appear to be doing better. Malaysia scored more than 5 per cent real growth last year and recasts 7 or 8 per cent this year, the Philippines expects 5 per cent this year, Thailand hopes for as much as a 10 per cent real growth. These are easy figures indeed when seen on a depressed West staggering along to avoid getting over.

In each Asian country there are offsetting factors. The 2 or 3 per cent annual population growth immediately slices down the gross figures. In most countries there are political reasons

why growth of less than 5 per cent means failure. Experts have calculated that at least 5.5 per cent growth is necessary to allow enough scope for social policies to benefit the poorest people.

Malaysia may be taken as a case study. In so many ways it typifies the claim that the Pacific region exemplifies the riches of the earth. It exports oil and a host of essential commodities—rubber, tin, timber, palm oil. It has no population problem and still has unexplored lands to tap. Yet Malaysia needs high growth and great confidence if it is to press ahead with ambitious—and vital—plans to restructure society to give the poor, rural Malays some opportunities.

Sapped

As it is, confidence within Malaysia has been sapped. Foreign investment has fallen. Politicians are bickering and outshouting each other in making unrealistic promises. A good number of the great plans for changing society are still being pursued—for example, the shipyard at Johore has opened—but often without sufficient awareness that you just cannot wave a magic wand and change society—even if you do have great riches. Shipowners are already commenting that the labour at Johore is not as skilled as that in Singapore with which the yard is competing for business in a shrinking recession-hit market.

Malaysia is not alone. Indonesia has been shaken by the

Pertamina crash. Thailand's region. All the governments trying to make democracy work in the area are jittery about the future plans of Hanoi. But South Korea is worried again about the threat from the North. Only tightly controlled and disciplined Singapore and Hong Kong of the capitalist bloc to the West Pacific. The U.S. of countries are still steaming ahead single-mindedly, and in both the ordinary people have had to accept a considerable cut in their real incomes.

There is probably more con-

a sulky spoil child who

together. Such assertions may be taken either as facts or as problems the developing Pacific will have to face.

Japan is the most important trading partner for the developing nations and when—as now—Japan's economy slows down, they are hurt. Some experts think that had it not been for the cutback in Japan's purchases of Indonesian oil—partly because of the recession, partly

ending of recession may show whether Tokyo is prepared to respect national aspirations or even help by granting trade concessions and sharing technology.

But if it is to develop along capitalist lines, the Pacific region also needs a strong partnership with the U.S. and Western Europe, and here there may be more doubts. In the development of banking and financial institutions the West

damage the prospects of the developing countries more than anything else.

U.S. disinterest could also leave the door open for Moscow's greater interest or for the more damaging Sino-Soviet tussle which could only increase the jitteriness in the developing capitals. Some observers have already noted growing interest of the Soviet Union and not merely through Indo-China. The Moscow Narodny is the biggest foreign bank in Singapore in terms of loans.

The longer-term connection between foreign policy decisions and foreign investment is a more open question. Some economists would argue that international companies will go wherever there are good prospects of business and profits, and that as the Pacific is a region of great riches, it will always attract great investments. Such a view takes no account of a possible reaction by the host developing countries if they are ignored: it takes no account of what happens if development opportunities are missed because of restrictions on exports.

The attitude of Europe towards the Pacific provides some lessons and rings some alarm bells. Historically, the Pacific was an area of great European influence, the British in Malaysia and Singapore, the French in Indo-China, the Dutch in Indonesia. Yet today it is impossible to avoid the impression that Europe is ignoring good opportunities, both business and political.

Seen from the Far East, the Common Market is becoming more and more of a self-interested and short-sighted rich man's club. Expatriate businessmen in the Far East will expatriate on the fabulous opportunities there, and the lack of interest of their head offices, even where the investments needed are tiny by comparison with their global investments. "Europe has become an all-absorbing passion," complained one Briton, "yet we are being defeated hand-over-fist in Europe."

Balancing

European interest is still important to the developing countries of the Pacific. Europe is a balancing factor and helps to tone down some of the more strident behaviour of the Americans. Europe still has a wealth of experience in banking, finance and business. Europe has a vast market which is a lifeline for the poorer nations.

It may be that the decline in Europe's interest is merely a product of the recession and when the recession ends doubts will fade away and the Far East will again enjoy a strong relationship with Japan, the U.S. and Europe. But it cannot be assumed that the ending of the recession will automatically solve all the problems. And even if or when they do attain high growth rates again, the developing countries still have to solve the much larger problem of development for the masses.

A time of waiting

By KEVIN RAFFERTY, Asia Correspondent

confidence in the Communist threatens to take away all his world. North Vietnam is fresh marbles if he loses a game. At the moment there are war with the U.S.-backed glimmers of hope throughout regimes in the South. China, the Far East that the world after a better harvest than in recession may be nearing a previous years and with a growing oil industry, has a breath-taking space. But there are still all the answer to all the problems. Whether the end of the recession camps. The Indo-China sion on its own would solve countries are each desperately everything is doubtful, but it poor, with problems even in would be a key factor in restoring themselves. Moreover, ing confidence to the Pacific there is the danger of a Sino-Soviet struggle developing in Indo-China and spreading to the whole of South-East Asia.

The political and military affairs of Indo-China are continuing to cast widening ripples over the whole of the Pacific that Japan holds the countries

because Tokyo bought from Peking—Pertamina might have been able to pull through. With the U.S. Japan is the biggest investor in the Pacific and the cutbacks in investment are beginning to affect the developing countries.

But the statements about Japan's importance also contain more than a suggestion of Japanese arrogance if not imperialism—attitudes which have already surfaced. Since anti-Tanaka riots of early 1974 Japanese companies have been told to keep a lower profile and have certainly been more cautious. Whether Tokyo has learnt all the lessons that the South-East-Asians were trying to get across remains to be tested. The

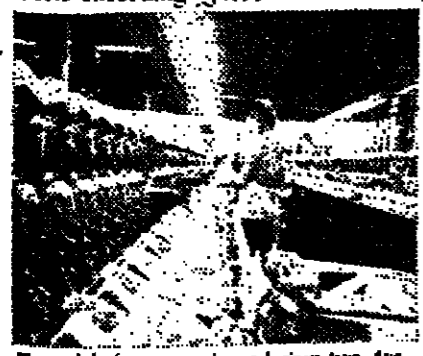
is more important than Japan. Quite how much banking helps in overall development may be argued. On its own, it does not employ many people, but it is an essential bedrock foundation for attracting international companies as well as raising the general expertise of the economy.

Doubts are now being expressed widely about declining U.S. political interest in the Far East. In the short term the views of Washington are unlikely to affect the large number of American companies which have investments in the Pacific region. Where they could have an impact is in producing a miserly response from Washington over vital trade matters. Such an attitude could

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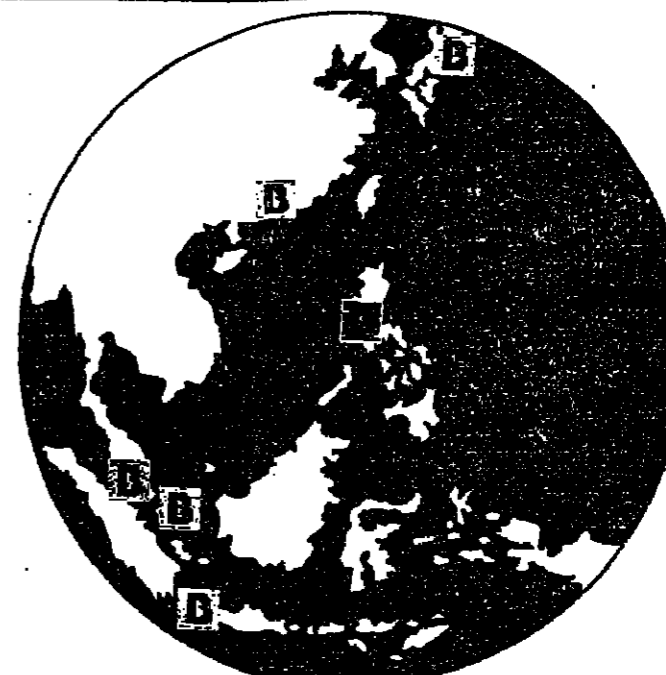
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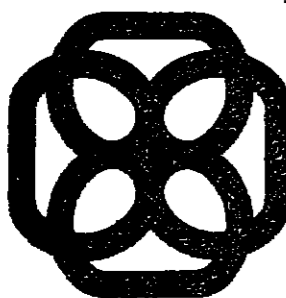
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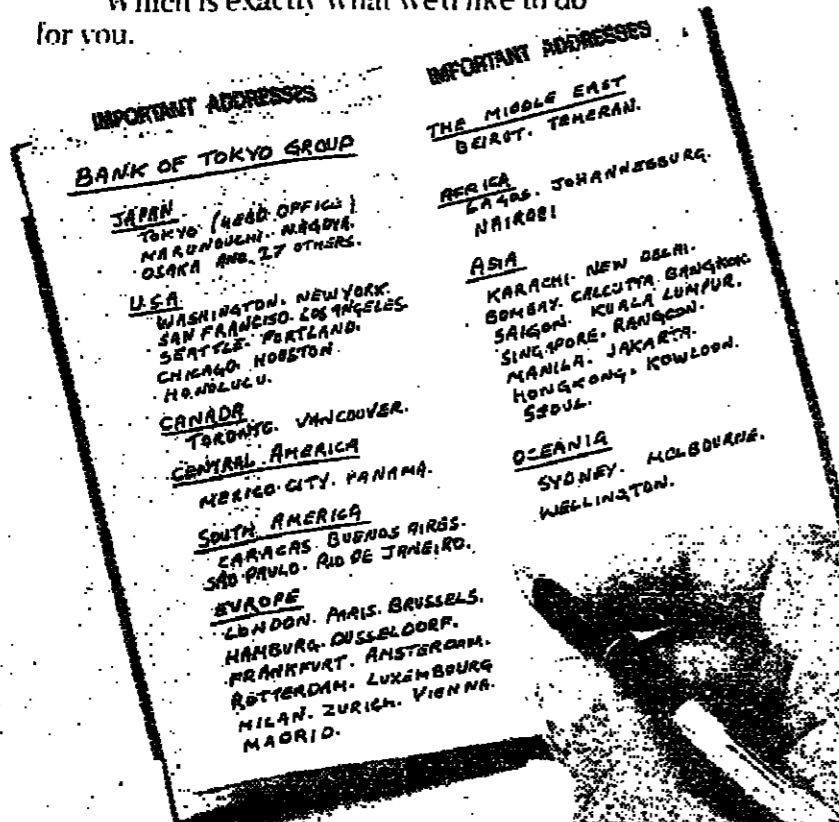
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PACIFIC CAPITAL MARKETS II

Project finance requirements

A GUESSTIMATE by an international banker who has just finished a trip round the Pacific basin countries suggests that countries in the area (other than the U.S. and Japan) are already planning on \$3bn. worth of foreign currency finance for major projects during 1976 alone.

By way of comparison, total loans approved for the area by the Asian Development Bank last year amounted to \$375m. There are major projects already well through the feasibility stage in just about every Pacific Basin country. The Philippines has its \$1bn. plus nuclear power plant; Australia a plethora of potential mining plans; New Zealand the Maui gas field; Hong Kong the Mass Transit Railway; Malaysia the development of oil production refining and shipyards; and so on.

Some of the projects currently moving towards the implementation stage doubtless will not materialise. On the other hand, there will doubtless be many others which have not yet come out into the open. The extent to which Mao Tse-tung's China will involve the Western world in large-scale projects is a favourite guessing game in the international banking community at present.

So far this year Indonesia has arranged a billion dollars of medium term finance on the Euro market, to take the most prominent example. Currently

in the process of being arranged is a \$100m. loan for a privately owned corporation in the Philippines for expansion and modernisation of plant, \$200m. for Malaysia, a further \$100-150m. for Indonesia, and \$200m. for development of New Zealand's Maui gas field. These four financings alone amount to more than the total provided by the Asian Development Bank during the whole of 1974.

Demand

There are bankers who fear a credit crunch on the international markets next year. As the demand for funds from major companies in the industrialised countries themselves picks up, it is argued, so the banks' capacity to provide loans for projects elsewhere will decline. Banks' lending capacity is limited by legal or quasi-legal requirements on the ratio of capital to balance sheet footings and many majors are not too far from these limits already.

Even if the credit crunch does not prove too restrictive, the borrowing capacity of the Pacific Basin countries themselves is expected to provide a brake on the implementation of projects next year. Most of the

countries in the region, relying as they do to a great extent on commodity exports, substantially increased their foreign exchange earning capacity thus their ability to service foreign currency debt in early 1970s.

This movement has sharply in reverse in 1973 countries from late 1973 onwards under the impact of fourfold oil price increases the collapse of demand for commodities with the recession in the industrialised world. The extent of next year's economic recovery in the industrialised world is still debated and there would in case be a time lag before commodity prices pick up.

One Pacific basin country, least—North Korea—is already behind with payments on standing external loans borrowings while another, Indonesia has been the subject of massive funding operations international bankers fear there may be many more.

The problems of successful implementation of the various projects in the area in effect impossible to discuss except with detailed reference to the individual project concerned. This year the Indonesian situation has proved particularly bugbear, with external financing problems triggering off developments which resulted in the withdrawal of Pertamina's ambitious planning being called into question. What event solution to Pertamina's problems will turn out to be is by no means decided now, almost a year after crisis broke. But next year problem could well be another major project (or series of projects) in a completely different country for utterly different reasons.

The one thing that can be said with confidence is that neither implementation nor financing problems look at all stage like preventing countries in the area from continuing fast up the road which they have embarked. Indeed, the reaction to the problems has been in the opposite direction with a logic which runs as follows: if there is a shortage of foreign currency, then there is clearly a need for major projects to be put in hand in order that goods produced locally may be substituted for those which have to be bought with foreign currencies. The costs of the Philippines nuclear power project could be recovered from balance of payments savings on a within seven years of the project starting operation.

As is proving the case among all countries with foreign change problems savings means of cutting down consumption of imported goods contemplated among count in the area only in the short term until the projects planned are on stream.

Mary Camp

Japan looks both ways

WHEN Mr. Takeo Miki, the Japanese Prime Minister, was industrialised nations to liberalise their capital controls, last month for the six-nation economic summit, he was conscious of the fact that his billy and overseas use of the would be the only delegation from Asia and the Pacific.

One of the possibilities was that he might take to Rambouillet a programme for Pacific Basin development which would include a massive Japanese commitment to this goal comparable, in scope if not in volume, with the EEC's commitment to Africa.

The Ministries of Foreign Affairs and International Trade and Development produce a number of proposals, including an export earnings stabilisation scheme designed to cover the commodities of special importance to Asian producers, similar in some respects to the Stabex scheme operated by the EEC and its African partners under the Lomé Convention.

Memories went back to the various Pacific Basin schemes which were so much discussed in Tokyo in the 1960s, especially those of Professor Kiyoshi Kojima, the Hitotsubashi University economist, for a Pacific Area Free Trade Area (PAFTA), a Pacific Clearing Union, a Pacific Dollar and a Pacific consortium for South East Asian development.

Since then the painful moves to international financial maturity have been held back by the oil crisis and the recession, although in the long run Tokyo will inevitably emerge as

a vital intermediary money market serving development needs in the Pacific Basin—and it is on this premise that foreign banks have striven so hard to get an early foothold there.

Japan's role as a banking and development centre for the Far East centres around its trade with South and East Asia, including China. This was valued at \$29bn. last year, but the embarrassing fact was that Japan came out of it with a \$800m. surplus. While there were very substantial trade deficits with Indonesia (\$3.1bn.), the Philippines and Malaysia, there were even larger surpluses with Hong Kong, Taiwan, South Korea (each over \$1bn.), Singapore, China and Thailand. Since these are all developing countries, Japan is highly vulnerable to the charge of not giving its poorer neighbours and good customers in Asia better access to its own market—a complaint made more loudly now with the impact on those countries of the Japanese recession.

Japan has for some years operated a generalised system of preferences (GSP) scheme Tokyo will inevitably emerge as

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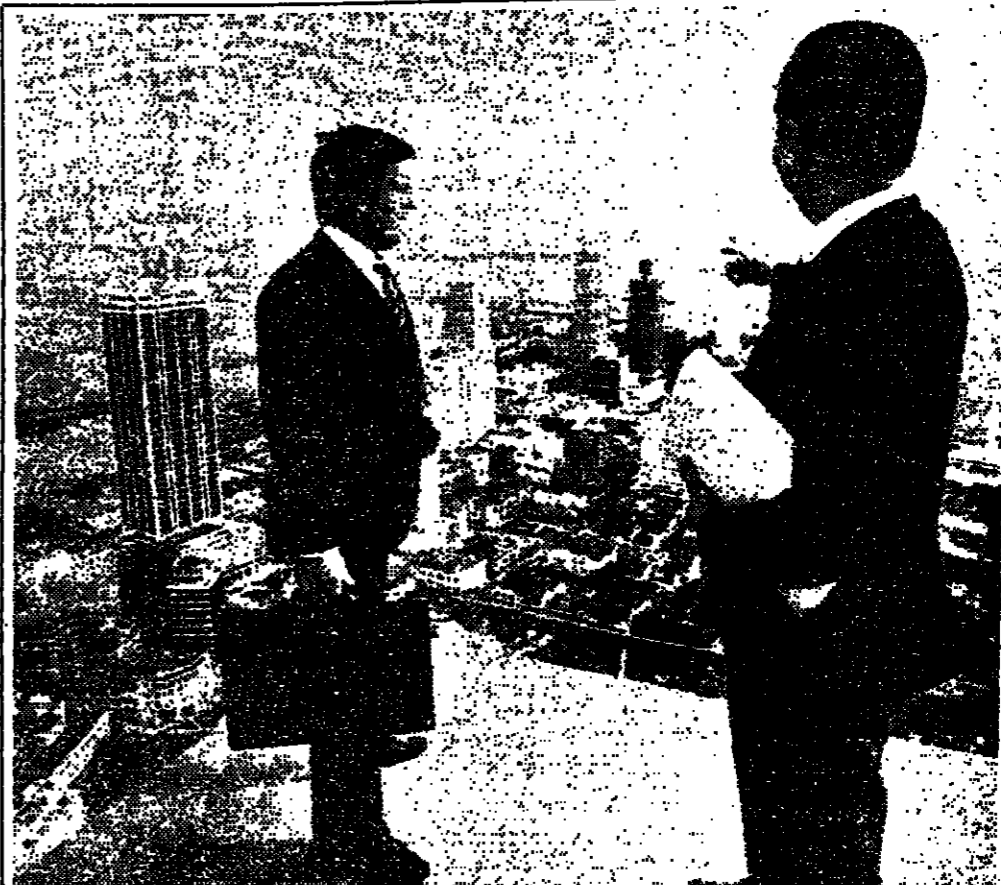
Objections

In the end, however, the objections of the Finance Ministry prevented Mr. Miki from making any such splash at Rambouillet. At the Cabinet meeting held before Mr. Miki's departure to Paris, his Foreign Minister urged an increase in Japan's official development aid from its present level of 0.25 per cent. of GNP to 0.35 per cent., but even that was vetoed by Mr. Masayoshi Ohira, the Finance Minister, because there was no assurance that such a pledge could be honoured.

Japan is, of course, the industrial and economic dynamo of the Pacific, and constitutes the hinge which links the American Far West with the Asian Far East. But there remains a stubborn refusal to accept any premature role in international finance of a kind that would threaten internal monetary stability or the balance of payments—in spite of Japan's present status with the world's third largest GNP after the U.S. and USSR, and the second largest foreign exchange reserves after West Germany.

And the political finesse for a more effective aid and development role in Asia is lacking, quite apart from the obstacles of remembered wartime hostility and the new image which Japan's businessmen have acquired in some parts of Asia as "ugly Japanese."

It was factors such as these which prevented Japan from hosting the headquarters of the Asian Development Bank, which in the end went to Manila rather than Tokyo despite the predominance of Japanese capital contributions and a Japanese President. Hence the paradox of the Pacific region's offshore finance operations gravitating to Hong Kong and Singapore rather than Tokyo. The Japanese authorities are highly reluctant to expose their economy to the unpredictable winds of international specula-



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PACIFIC CAPITAL MARKETS III

Hong Kong and Singapore

NOT LONG AGO, in times of world boom, a multitude of places began to lay claim to being important financial centres: "capital market", "regional financial centre", "regional banking centre", "regional financial centre" were vague expressions bandied loosely about the Far East. Nowadays, when times are harder, a lot of the heady pretensions of the days of high growth have been exposed and two places stand head and shoulders above the rest—Hong Kong and Singapore. They are the only places in the Far East (Tokyo apart, and Tokyo has shunned an international role) with an international financial reputation.

Experts have tried from time to time to devise a list of the sufficient and necessary conditions making a place an important regional financial and banking centre. They would include a good location and communications base; educated and skilled local people, preferably with large numbers fluent in English; political stability; a sound currency; well-established capital and foreign exchange markets; a minimum of exchange and other controls and of taxation on offshore business. Some experts suggest that official encouragement is also an important factor to-day.

According to that list, or anything like it, Singapore and Hong Kong have a huge lead over the rest of the region. By the tokens of government encouragement and taxation (or lack of it) of offshore deals, Singapore scores over Hong Kong.

Check-list

Indeed the cynics used to claim that Singapore had a check-list of what makes a financial centre. Item by item, starting in 1970 with the Monetary Authority, it followed the list and set up its financial institutions—or so it was said. A few years back, for example, the check-list said "discount house," so Singapore decided to set up its own and experts were brought over from the City of London.

At this stage the scoffers were loud in proclaiming that Singapore was not ready for discount houses. But the four discount houses are to-day firmly established along with 66 commercial banks, more than 50 of them foreign, 21 merchant banks and five international money brokers. Singapore is also the centre for a \$12bn. Asian dollar market, with more than 80 per cent of the money being channelled into projects in the region. The Bank of America, the world's largest, has set up one of its three multi-currency units in Singapore. The others are in Panama and London.

In its desire to improve competitiveness and efficiency the Monetary Authority of Singapore earlier this year freed the banks from their cartel, allowing individual banks to charge their own interest rates. It also gave the go-ahead for banks to issue negotiable certificates of deposit in local currency.

By comparison Hong Kong has resisted the temptation to bring radical change to its banking system. Hong Kong has 74 licensed banks, but only one—Barclays—has been licensed since the mid-1960s and there are about 50 other foreign banks in the colony, many of which would dearly



New buildings tower over the old by the Singapore River.

love to get a toehold in Hong Kong's domestic market. There was a lot of talk of licensing new banks more than a year ago but under pressure from the old-established institutions like the Hongkong and Shanghai Mr. Philip Haddon-Cave the colony's Financial Secretary, decided that the poor world economic climate was hardly the time for radical moves.

The colony has also refused to remove the 15 per cent withholding tax, a tax which impedes the growth of an offshore market like the Asian dollar market.

But bankers in Hong Kong would reject the notion that that would mean that the colony must yield place to Singapore as a banking or financial centre. Much of the money in the Asian dollar market, they point out, comes from Hong Kong. Some quarters in Hong Kong regard Singapore as an arrogant and immature upstart.

Backing this up, they can add that the colony's financial institutions have a greater overall depth than those of Singapore. Turnover on the stock exchanges of Hong Kong is several times greater than those of Singapore and Malaysia combined.

The Haw Par affair illustrates how vulnerable Singapore is. By the standards of the region or even of Hong Kong Haw Par is only medium-sized, but in Singapore Haw Par is one of the top 15 companies and after the big banks was the one with the largest turnover on the stock exchange. Moreover, Singapore still has emotional hang-ups about the original sale of a locally owned Chinese company to outsiders like Slater Walker. It is doubtful whether such an attitude would be allowed to surface in competitive Hong Kong.

Both Hong Kong and Singapore, of course, have been dependent on foreign money and investment both to provide new jobs and to improve local technology. Singapore has for some years been strong enough to invest abroad, and Singapore-based investors are the largest foreign investors in Malaysia. Nevertheless, Hong Kong probably has a wider range of local business enterprise—and much wider if the long-established houses like Jardine Matheson are counted as local. Jardines has a large subsidiary in Singapore in-



New buildings tower over the old by the Singapore River.

voiced in a variety of businesses from trading to oil exploration. But even Hong Kong has constantly to try to attract new foreign capital into the colony.

Both places have earned good reputations for economic growth. Indeed, a few years back Lee Kuan Yew, Singapore's Prime Minister, boasted that his country was the only developing country in the world that was actually developing. But when it comes to analysing the connection between banking and financial expertise and overall development, there is a caveat that Hong Kong and Singapore are atypical both of the region and of all developing countries. Alone in the Far East Singapore is a city-State with no large rural hinterland. Hong Kong also is largely urban with its population of 4m. packed into a few hundred square miles.

Both territories are easier to regulate than most independent countries. The fact that they are virtually single corporations of course makes it easier for the Government to run unimpeded. In addition, the colonial structure of Hong Kong means that the Government does not have to worry overmuch about opposition—if the Hong Kong Chinese do not like life there they can migrate to China; Singapore does not worry too much because it is almost a one-party State.

Compensation

Both Hong Kong and Singapore are run along strongly laissez-faire lines and when the hard times come the people have to grin and bear it. In Hong Kong there is no alternative: workers have to take a cut in pay or lose their jobs, and officials say the compensation is that when the world trade picks up the Hong Kong workers will be the first to pick up the benefits.

In Singapore the Government has drummed it in to the people that in this life nothing is for free and that when world trade slumps there is little to do but for everyone to pull in his belt. However, this policy has been tempered somewhat by some Government pump-priming, though not without strenuous orthodox Finance Ministry opposition.

The record of Hong Kong illustrates the tensions between the interests of the bankers and businessmen on the one hand and those of the masses. Sir Murray MacLehose took over as Governor four years ago with reforming intentions, determined to spend money on improving health, education and housing for the crowded Chinese.

Expatriates and the wealthy Chinese were horrified by such zeal. From their spacious homes atop the clear air of the Peak or watching the sweep of Repulse Bay, or nestled in the old charm of Stanley village, all far removed from the dingy tenements piled higger-mugger giant rubbish tip high on Kowloon: over their prolonged executive lunches, far from the scratched bowls of soup in ten or 12-hour crowded factory shifts, they saw disasters. Social spending meant more bureaucratic interference or higher taxes, slippery slopes which Britain had trod to indiscipline and ruin. This year, when the Government deficit had been trimmed and financial orthodoxy restored, one senior official told me: "The Governor is settling in."

Tax rates in the colony have remained at a flat 15 per cent. for some years. For the past two years there have been warnings that they might go up, a device to get business acceptance of higher rates and prevent a mass exodus or shortfall in investment, but with the recession the financial secretary dared not risk a rise. Even in good times, informed opinion in the colony thought that a jump to 20 per cent. would be too much for the colony to bear.

Singapore's social performance is impressive by comparison with Hong Kong, or indeed anywhere. The island republic has the best housing record in Asia: its per capita earnings are the highest in Asia after Japan and there is not much unemployment; the spread of industry is wide—this is a performance the more noteworthy when Singapore appeared to have little to offer apart from a good harbour at the time the British left.

Yet all this has been accomplished at great cost in personal freedom. In some spheres there is evidence that the Government panicked. This includes the much-vaunted housing, where Singapore is finding that there is a cost in social unrest and hooliganism from trying to pack half its population like sardines into high-rise flats. In Singapore, as in other places throughout the Third World, there is a vast gulf between the elite and the masses. Other critics also allege that although Singapore has higher tax rates—40 per cent. corporation tax when tax holidays up to 10 years have been exhausted—it is too heavily dependent on foreigners for its expertise and progress.

Officials in both the colony and the island republic would say that foreign investment was essential and that to attract it wages must remain "competitive," that is lower than in neighbouring countries. This opens a wider point of whether this means that if Hong Kong or Singapore gains then Indonesia or India, with poorer people and more intractable problems, loses.

Kevin Rafferty

CONTINUED FROM PREVIOUS PAGE

Japan

plemented by the EEC. This creates a political backlash in all South East Asian markets from time to time in boycotts of Japanese goods or demonstrations against Japanese businesses.

Japan was unlucky enough to build its counterpart to Britain's Colombo Plan in the form of an organisation—the South East Asian Ministerial Economic Development Conference—in which Taiwan and South Vietnam were founder-members. The result was that it entirely lost credibility and usefulness once the Vietnam war was finished and relations with China normalised. Somehow a new regional structure has to be forged, and this will not be at all easy.

Japan can also legitimately claim to be a bridge between the two sides of the Pacific Basin, not only in the obvious sense of dealing as much with the U.S. and Canada as with East Asia, but in the less well-known sense of investment and commercial links with Latin America. Trade with this area reached \$7.8bn. last year, or more than 7 per cent. of Japan's global trade and 10 per cent. of Latin America's. Despite

recessionary conditions, it climbed by some 40 per cent. in the first half of 1975.

In recent years Japan has been responsible for about one-third of the off-take of Latin American raw materials, while supplying almost half of its steel imports, reflecting the Latin desire to diversify away from dependence on the U.S. as both market and supplier. Japanese private investment in Latin America fell to \$699m. last year after its record high of \$822m. in 1973.

But 1974 was also the first year in which Latin America equalled Asia as a recipient of Japanese investment, and the cumulative total is now \$24bn. (against \$3bn. in Asia). Japan intends to join the Inter-American Development Bank next year with a \$180m. contribution. The attractions, of course, are raw materials, Japan's political acceptability in the area and the presence of Japanese immigrants (in Brazil the Minister for Energy is of Japanese origin).

Japanese Prime Minister visited Mexico and Brazil a year ago, and while the President of the Japan Chamber of Commerce and Industry led an economic mission to Argentina, Uruguay and Paraguay this summer, Vice Premier Takeo Fukuda visited Venezuela and Brazil.

He reaffirmed Japan's intention to proceed with the giant \$31bn. Amazon River aluminium plant in spite of private reservations about the wisdom of duplicating the Asahan aluminium scheme in Indonesia. That was a measure of the strategic importance Japan places on Brazil. In Venezuela Mr. Fukuda secured the promise of a stable supply of oil.

Japan does indeed look both ways—westward to Siberia, Korea, China and South East Asia, and eastwards to North, Central and South America (as well as southwards to Australasia). If the heavy wraps of protectionism continue to be peeled off once economic recovery sets in, then Tokyo will surface as a financial centre for its region comparable to those in Europe.

Dick Wilson



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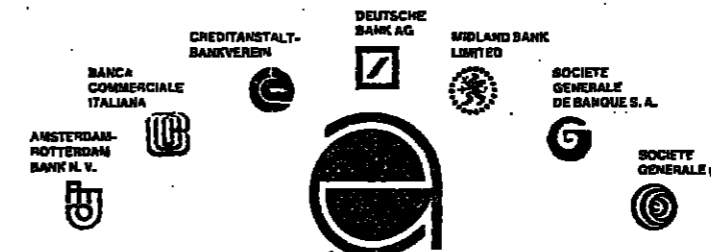
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PACIFIC CAPITAL MARKETS IV



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Troubles down under

THE ELECTIONS in both Australia and New Zealand have in recent weeks introduced a marked degree of uncertainty into prospects for the banking systems of both countries in the coming year. Mr. Robert Muldoon's new National Party Government in New Zealand campaigned heavily against its predecessor's policy of borrowing heavily overseas to insulate the economy, so far as possible, from the international recession. The results seem bound to mean a much tighter money policy in the New Year.

The Australian elections have produced a somewhat similar outlook, with the likelihood of a need to resort heavily to monetary policy to dampen down another threatened take-off in inflation. The banks have developed a far greater resilience in coping with such situations in the past few years

—an enforced development, perhaps, but one which evolved with surprising speed after such a long period of calm and virtual non-competition.

The past year has seen the development of the first really significant competition between the Australian banks since the last of the rationalisations which produced the present structure of the industry (seven major trading banks, each with their savings bank operations, plus the smaller-scale Bank of New Zealand and Banque Nationale de Paris and a handful of banks limited to one-State operations).

That structure is now so firmly entrenched that, for practical purposes, it could be regarded as permanent. The tightly woven web of supports and obligations between the banks and the Government makes a failure virtually unthinkable, while from the other direction, the major political parties share a common view that the field is closed to new entrants. On the latest figures, the total assets of all Australian trading banks was \$A19bn, and the big seven accounted for \$A17bn.

The Australia and New Zealand Banking Group made a decisive break with past practice in March, with reduced interest rates on most loans and deposits below \$A50,000. The overdraft rate went down 0.5 per cent, and housing loan interest by between 0.25 and 0.5 per cent. The rate for interest-bearing term deposits fell by as much as 1 per cent. Previously, it had been the almost invariable pattern that the reserve bank would alter rates for the system as a whole.

The dividing line between formal and informal pressure certificates of deposit totalled was blurred: if one of the major banks had wanted to break with \$A2.8bn, a year earlier. But away it probably could have gone so without risking retaliation. But the issue was put from \$A1.1bn, in January, 1974, beyond doubt by the introduction from February of the strengthened Trade Practices Act, which decisively transferred any risk away from competition and squarely on to any suggestion of collusion.

In addition, the Government has been anxious to strengthen the position of the formal banking system vis-a-vis the "fringe" banks which proliferated so spectacularly over the past decade. The foreign investment activity in the event, for policies of the major parties before the recent Australian elections left no doubt that the endorsed bills in circulation.

growth period was over. Both sides promised very firm discouragement of further investment in what they regarded as an already over-large area of activity. Although the motives for such attitudes were clearly to strengthen the Government's position in economic management, the banks naturally have welcomed the results.

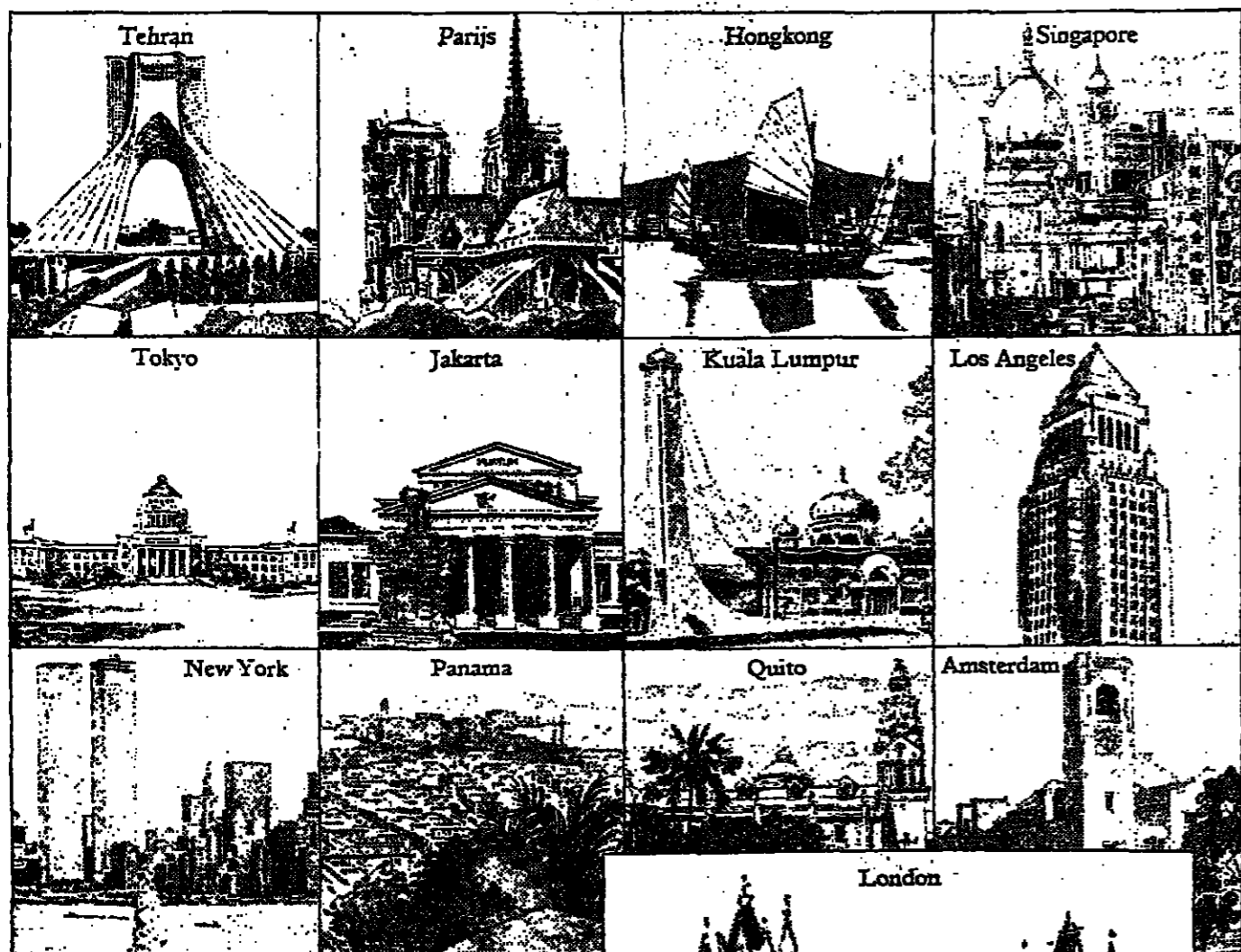
The Whitlam Government began the encouragement of active banking competition last year when it approved the introduction of certificates of deposit at competing rates of interest. The start of the scheme coincided with the Government's massive reversal of money supply growth—from 17 per cent to a negative-factor in the space of six months—and was hardly auspicious. At least two of the majors were reported to have burned their fingers badly and been forced to approach the reserve bank as lender of last resort for funds to maintain their statutory liquidity ratios. Such funds carry interest rates at a penal level and engendered a degree of caution in the rest of the industry's reaction to the ANZ action in March.

The banks have also been hankering history was diversified in other directions, notably insurance and hire did not eventuate last month purchase, where the latest during the Government's financial crisis arising from the Bank, previously excluded by blocking of the budget by the its Government charter. But Senate. The banks were called with their combined venture on means of providing buffer into retail credit through Bank- action for their customers if card, launched just over a year the Government was unable to ago with a distribution of 1.5m. pay suppliers or employees. cards in Sydney, Melbourne and What was actually agreed, or Canberra. It is now estimated not agreed, at those talks re- that about 500,000 of that mains largely a close secret. original issue are in regular use, giving what is claimed to be the biggest acceptance rate in the shortest time for any country. Profits on the scheme are still some way off, but detailed statistics to be released shortly will confirm, according to the bankers, that progress is "very satisfactory."

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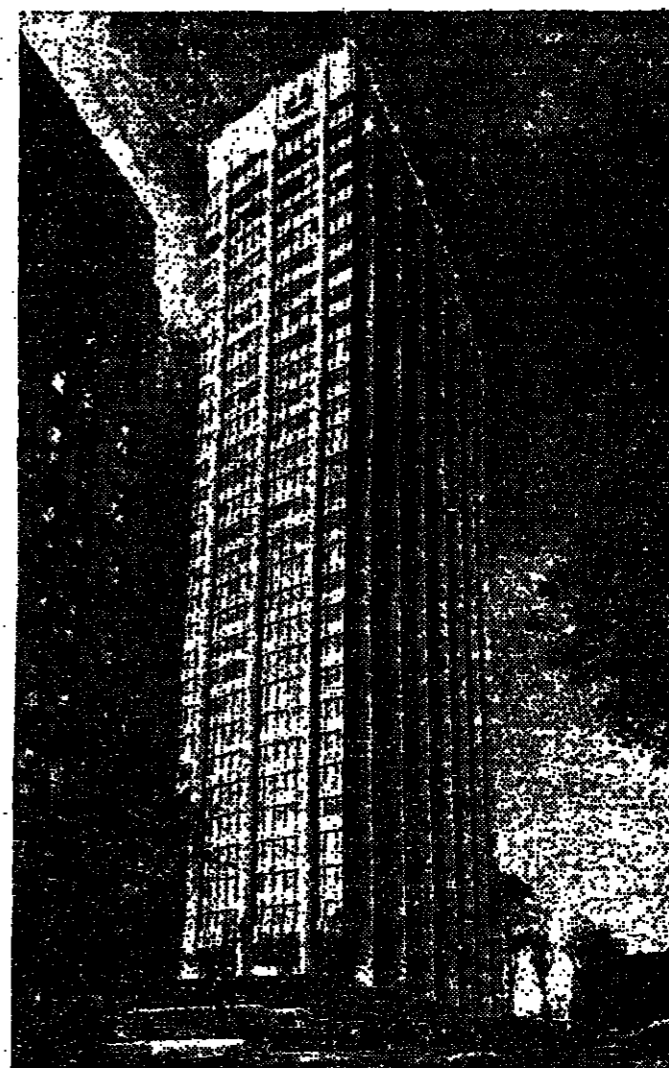
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Formalise

Significantly, however, the Government-owned Commonwealth Trading Bank was the first to follow suit, with enough of the others tagging along to formalise the new system of competition. Statistics within the past three months have also shown that, despite their experiences with certificates of deposit, the banks have moved very strongly into commercial bill acceptance and endorsement bill discounting. Outstanding certificates of deposit totalled \$A1.1bn last August, compared with \$A2.8bn, a year earlier. But away it probably could have gone so without risking retaliation. But the issue was put from \$A1.1bn, in January, 1974, beyond doubt by the introduction from February of the strengthened Trade Practices Act, which decisively transferred any risk away from competition and squarely on to any suggestion of collusion.

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PACIFIC CAPITAL MARKETS V

Strong nerves needed in South East Asia

THE "DOMINO" theory dreamed up by Mr. John Foster Dulles (under which all of South East Asia would eventually topple over and bow down before the might of Communism) is a myth—everyone notes in every country of South East Asia agrees. But everyone has become increasingly nervous after the fall of the Nguyen Van Thieu regime in Hanoi.

What are the Communists intentions? Where might they strike next? Who are their supporters and to what extent will they be prepared to support? Can capitalism survive in Asia? Can it provide a decent life for all the teeming masses? Will Communist pressure and a new capitalist and Western uncertainty bring down a few more Governments? These are some of the questions, and one seems to be answering them with any certainty.

It has not been a good year for those opposed to Communism, and the world recession has hardly helped. It and a twelfth aftermath of the Vietnam war have increased the uncertainties in each of the South East Asian nations.

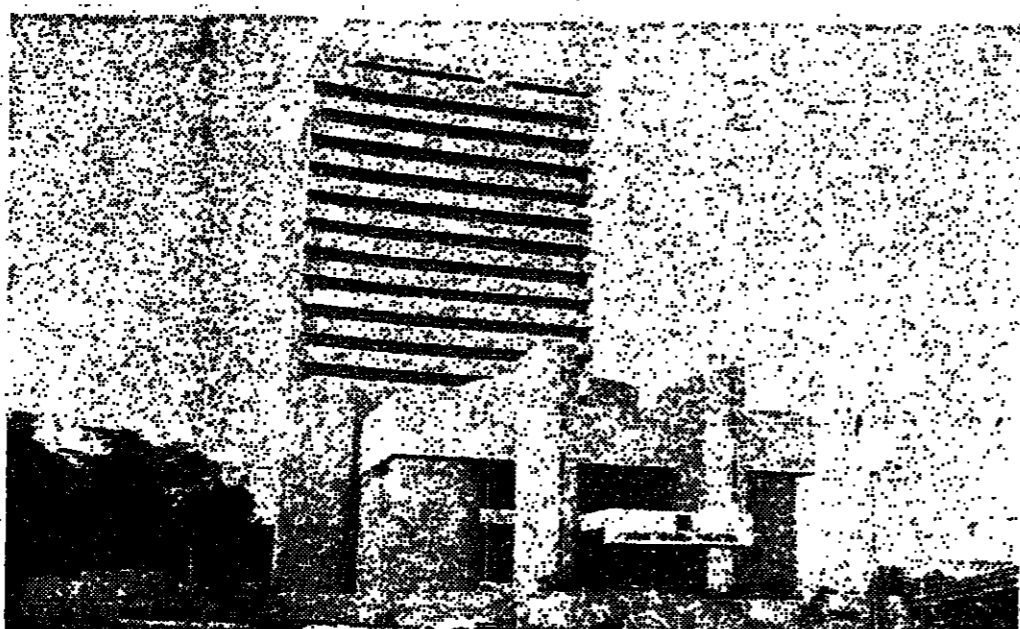
Indonesia

Indonesia should be the best seed of all the countries in South East Asia. It may today be the worst performer. It could be the success story because it has oil; it has many rich men, most of them waiting for development; it has a mining local market and a veritable receptive to foreign capital; it is foremost in the scene of the Indonesian conflict and separated by seas; it has "political stability" at least to the extent that the Government is liable to ruthlessly to anything it sees as an attempt to undermine it.

Indonesia's situation is especially bad because it is still sorting out the problems of Pertamina, the State company, was the star performer which overnight became a star liability when it revealed huge debts amounting to several billions of dollars. Pertamina was much more than an oil company. It had interests in practically every commercial type of venture. It attracted Indonesia's richest young men. It was run by a trusted and almost as powerful—if equally so—as the President.

Pertamina's crash illustrates pitfalls of trying to bring development in a country so many of Asia's typical elements. The recession merely added to the strain by cutting any spare fat. Timber fell. Even oil production fell as prices rose fourfold. Japan began to turn China for some of its oil supplies. For the rest, Pertamina's fall was the result of a mix of political and economic over-ambitiousness and sheer lack of both proper planning or accountability.

Importers of Indonesia may think it is too easy to exaggerate the importance of the Pertamina crisis. The country aims an attractive market. A few weeks ago the European Bank consortium had new offices in Jakarta, one of the world's big banks from the Bank of America downwards are represented in Jakarta in towers craning to the sky much they do in Singapore and Hong Kong. For all their supposed "low profile" after the "Banka riots" in January last, the Japanese in 1974 plan to invest another \$600m in Indonesia, bringing their total investment to more than \$1bn. Whatever happens, Pertamina will be a fruitful asset and magnet for business (local and foreign) after all, a people growing by half a million a year have to drink and live, and Indonesia is potentially rich.



The Bank Negara headquarters in Kuala Lumpur.

with the public sector of the economy. It has also ruffled a number of political feathers and provided a test for President Suharto. He is said now to be firmly in control, but decision making will probably be slower. Besides the decision about the capital market there are important questions outstanding as to how much foreign investment and how much foreign control there should be of joint venture companies. Several important members of the Indonesian high command believe strongly that foreign companies need pushing to do more for the Indonesians and extra weight will have to be given to these views.

Thailand

Thailand is physically closest to the Indo-China war theatres. Communists have alleged that it was itself a theatre of war as U.S. operated aircraft from bases in Thailand. Gunboat chases and exchanges of fire across the Mekong with Laos in recent weeks cannot have done much to increase business confidence that Thailand would live in peace with its Communist neighbours.

But the delicate sensitivities of bankers and businessmen have been more unsettled by events nearer home. Thailand has had plenty of its own teeth-trying troubles trying to restore democracy, especially at such a time of world recession. There have been a series of damaging strikes as workers have tried to put pressure on the Government; postmen, busmen and even police, who at one stage burst into the Prime Minister's home, have each demonstrated.

As a result of this and the difficult world trading conditions, business has been marking time. Little has been felt of the impact of the first public stock exchange set up late last year. Investment decisions have been postponed and foreign investment this year fell sharply.

When I was in Bangkok last month an executive of one foreign company told me that it was taking a "wait and see" attitude. It had drawn up investment plans more than two years ago but then student riots had overthrown Thailand's military strong men rulers and brought about a period of prolonged uncertainty. Anti-Japanese outbursts and the world recession have made things that much worse. This businessman confessed that if a military or strong Government came to power again in Bangkok it would at least "clear the air" and restore certainty.

been performing brilliantly, but only when the world economy picks up will it be possible to judge Thailand properly.

Philippines

The Philippines has not been directly affected by the aftermath of the Vietnam war, though the fall of Saigon produced a rash of nerves, and President Marcos talked of closing the American bases. The Philippines' main worry has been rising prices of its oil and manufactured goods imports together with the falling prices of its export commodities. This has produced a huge balance of payments problem.

Again there is much marking time in regard to development. President Marcos has promised a "New Society"—which has been highly praised except by political opponents who have been imprisoned. Foreign investment will have a large part to play and the Government is anxious to set up a financial centre which will have regional importance and may soon rival Hong Kong and Singapore. Under 1973 regulations foreign banks have been allowed to invest in local banks in an effort to boost the local expertise and sophistication. So far more than \$50m. has been pumped in and more than a dozen international banks are represented.

The next step will be permission to foreign banks to engage in offshore activities and this is expected soon. Politically, President Marcos looks secure, and has won support for ending the old "cowboy society." He received an overwhelming majority in his referendum early this year; he also won his duel with his old rival Senator Aquino, who had threatened to fast to the death in prison but then gave in. The Muslim rebellion in Mindanao is still going on but is not causing as many problems as before. However, President Marcos rules to a large extent by fear. Other leaders have discovered that this can lead to greater dangers. If you travel in the areas outside Manila, you quickly realise the contrast with the high life of the capital and see how difficult it is to make a living in remote rural areas.

Malaysia

Malaysia was full of the highest hopes two years ago, of being the fastest growing nation in Asia, of rivaling Singapore as a financial and banking centre; now these hopes are tempered with doubts.

There are the doubts the recession has produced, of course, but Malaysia is still showing respectable positive growth. At one time when it was dependent on rubber and tin for its earnings a world slump caused no end of trouble, but today Malaysia has a wide spread of commodities, tin, rubber, timber, palm oil, and is even a net exporter of oil.

There are doubts about a resurgence of terrorism. The Communists hiding in the jungles have recently become emboldened enough to launch attacks in the capital, Kuala Lumpur, itself. But even so, the scale of the attack is nothing like the 1950s during the Emergency.

The biggest doubts concern the Government's plans to boost the Bumiputras, the Malays, who have always lagged behind the

Chinese and foreigners, particularly in the important areas of business and banking. There is no objection to the plans themselves—indeed it is vital to all the Malaysians that the Malays should not be left too far behind—it is the method of implementing them.

The bumiputra policy has become part of the Malay political football, with one politician trying to outbid another. As a re-

sult foreign companies have claimed that they have had difficult negotiations especially in getting work permits. Malaysia may be the loser in this. One large Western bank in Kuala Lumpur for example succeeded after long arguments in getting permission for two of its nationals to work in the Malaysian office; yet the Singapore branch of the bank had nine foreign nationals, a much larger local staff and a much wider and more sophisticated range of operations. Partly this is because in spite of the recession Singapore has continued to grow and improve its financial facilities, but at one time Malaysia thought that because it had the raw materials it would be able to rival and beat Singapore even as a financial centre. If it still does, it must show more flexibility.

There are signs that the Malaysian Government is trying to correct things. In October it held a big seminar at which the Prime Minister said that Malaysia was anxious to encourage foreign investment. More than 250 businessmen, half of them bankers, attended the sessions, showing that there is no lack of foreign interest. But afterwards many of the participants complained that the different ministries were saying different things.

Kevin Rafferty

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PACIFIC CAPITAL MARKETS VI

The vicious circle of poverty

THE OLD man rummaged through the heap of rubbish, but took nothing from the pile except a dirty bottle and then trudged away—his objective another stinking rubbish tip yielding more bottles.

I watched him on and off all day engrossed in his messy task. For Ibrahim, it was his way of life and of staying alive. At the end of that day he had made Rupiah 350 (about 40p) by selling the bottles at a central collecting point; Rupiah 300 was enough to keep him, his wife and son alive. It would buy me no more than a cup of coffee at the nearby Hotel Indonesia. Ibrahim proved not to be as old as he looked: he was in his mid-thirties, but he was not sure of his birth year.

This was Jakarta, capital of Indonesia. Not 50 yards from where I met Ibrahim the traffic was screaming down broad highways, past the towers of business, towards the massive National Monument, 400 feet of gleaming Italian marble topped by a "flame" coated with 35 kilos of pure gold. Monstrous monuments all, but tokens of the rich progress of modern life.

But progress is not for all. Where I had been no one had proper rainproof cover for home; most lived in single-room affairs which squatted uncomfortably in the mud. The main road here was not the concrete strip to the Monument but a bit wider stretch of earth than the sidestreets and a bit muddier stretch, too, because of the constant passage of feet and vehicles.

In spite of the promises of great growth and the rich treasures that Indonesia has—oil, gas, timber, rubber, and minerals galore—it is likely that poor Ibrahim will have to sit out the rest of his days where he is. He came from central Java 18 months ago because he had no land, no job and no prospects there. He narrowly escaped being picked up by a police lorry and dumped outside the city boundaries, the best way the authorities try to stem the immigrant tide into the capital. He is still a non-person because he has no identity card.

Division

Ibrahim explained that he only collected bottles because it was easier to handle one commodity at the central depot. There is also something of a division of labour. Other ragpickers collect only clothes, or only paper, or only tin cans. On a very good day a man can make Rp.500, giving him something to save, enough to hope. But usually there is some community demand, someone who has lost a husband or fallen on really hard times, that it is difficult to retain savings. Only the very hard and the mean can climb out of the slum.

What connection has Ibrahim—and thousands like him—with a survey of banking and development of the Pacific region? Everything. A few of the people of the area are involved in high finance and high politics, as outlined elsewhere in this survey. But they make up a thin sliver of the total society, perhaps 5 per cent. Apart from Japan, Australia, Singapore, and possibly Malaysia, the rest of the countries of the Western Pacific are poor countries with per capita incomes of \$50 a year upwards—260m. people out of 400m. belong to the poor countries, and 1,135m. out of 1,325m. if the Communist countries are included.

How many people are right at the bottom like Ibrahim is difficult to assess. But they are there in every major city of the Third World, and it is unfair to single out Jakarta or Indonesia. Every nation of Asia, even bountiful Malaysia, has its pressure on land, food and jobs in the countryside which drives people to the cities to swell the problem. Half of the people in the poor nations of the world live in conditions which would cause an outcry in Britain if dogs had to suffer them.

Assessing the perspective for the next 20 years is difficult, given the fluid political and economic situation on the western rim of the Pacific, but three points can be made. In 20 years' time there will be nearly twice as many people in the developing countries as there are to-day; the poor countries of Pacific Asia are rich by the standards of, say, the Indian subcontinent or developing Africa: the last 20 years have not been a good advertisement of hope for the 20 to come.

Breaking out of poverty will be difficult. Take the question of population for example. It is essential for the well-being of the developing countries and their peoples that the rate of

population growth should be reduced. Yet it is all very well for comfortable people in the West to berate the poor, but what incentive is there for the Ibrahims of Pacific Asia? To them, another child is another pair of hands to collect and sell the rubbish of the streets, someone to look after them when they fall sick, perhaps the dream of someone who may make good and penetrate the world of the expensive cars that race past every second.

To develop their resources the poor countries need aid, technical collaboration, much more trade to create new industry and jobs, and a much greater attention by their own Governments to rural affairs and the problems of their poorest people.

It seems a simple prescription, but it runs into a series of vicious entanglements. Aid, for example, is not popular in the West because, it is alleged, a lot of it is spent on wasteful prestige projects to boost the names and reputations of leaders of the country or, worse still, fills their corrupt pockets or those of their family or the bureaucrats around them. International companies also sometimes complain that no sooner have they struck a fair deal with a poor country than shifty politicians will turn back on it and try to tighten the screws because it suits their political reputation to be seen bashing foreign companies.

It is often difficult to defend the behaviour of the leaders of the poor countries. One after another they have proved Action right when he said that all power corrupts. Dictators or "strong men" or "popular leaders" or whatever euphemism they use under capitalist systems, have found it easier to cater for their own households than to attend to the basic needs of their poor masses. (In compensation, they have usually left the poor free to think what they liked—for whatever that is worth to a hungry man.) Communist dictators have been better at feeding the body but have also drilled the minds of the poor to a common mould.

There is little an outsider can do to interfere in the internal affairs of independent countries but perhaps the answer is to give more aid and more trade opportunities so that the masses get jobs and become aware of their plight and can have some hope of doing something about it.

Hypocrisy

Moreover, the hypocrisy of the poor countries has been more than matched by the hypocrisy of the rich. The rich have given "aid" (much of which has to be repaid) often as a bait to sell their own industrial goods. The total aid has risen more slowly than inflation, whereas the price of manufactured goods from the West has more than kept pace. In addition, the rich have frequently ganged up in world organisations like Unctad to prevent poor countries from getting trade concessions vital for providing jobs. Outside the Pacific area, India and Bangladesh could tell how the world jute market, their life blood, has been drained for the benefit of a few thousand French and Belgian jobs. In the Pacific area, Hong Kong and Taiwan can tell many stories about the difficulties they encountered in securing export markets for their textiles.

With their pressing needs to

get the best profits, international companies have also often deserved a bad reputation in the poor countries. Too many have gone in for quick gains and not worried overmuch about the feelings of the local people. Banks too, both international and local, have quite failed to penetrate the world of the really poor. Go down to the villages and there, in the grinding poverty, money lenders flourish and charge extortionate rates of interest. The hard work of the poor peasant is not sufficient security for the bankers to accept.

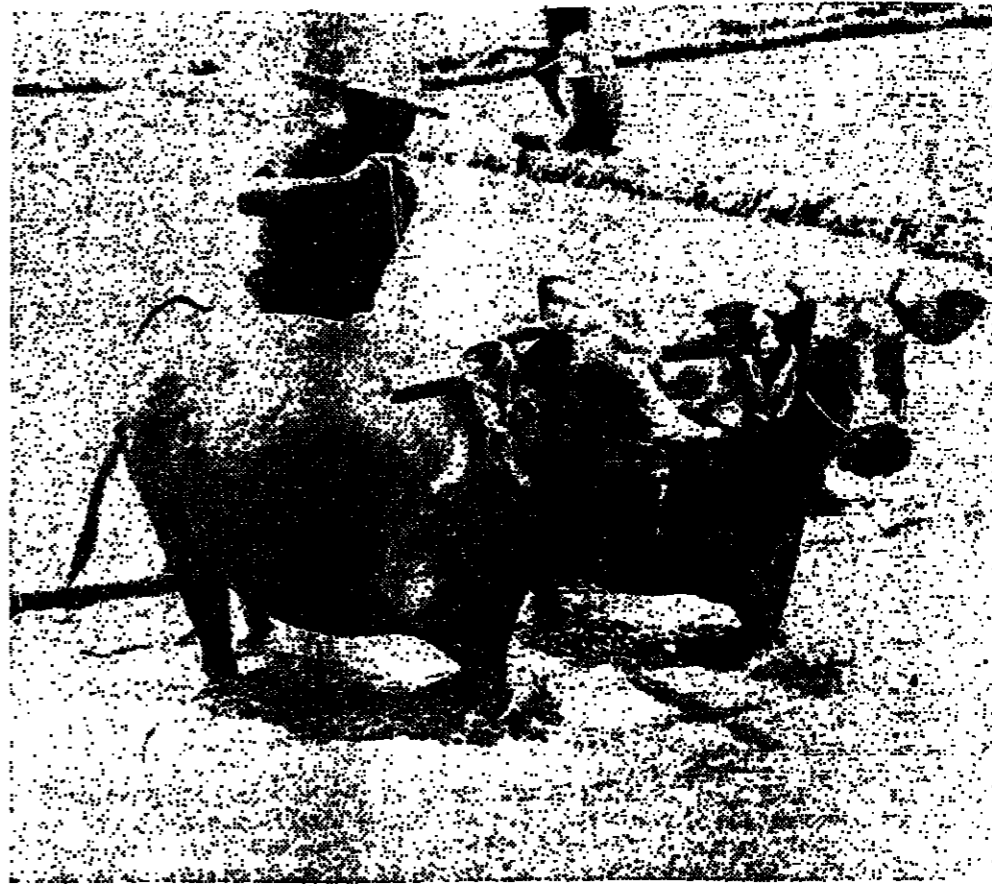
Tolerable

Does it matter about helping the poor in the developing countries to some kind of tolerable life? They are, after all, far away and too poor to do any harm. It might, if the resource-rich countries of South

East Asia got together to form a rubber cartel or a tin cartel and squeezed the rich industrial nations. It might matter more if Moscow or Peking managed to win the backing of the poor countries and put West security and freedom of international sea routes in danger. Positively, greater concessions to the poor could increase world trade and provide more for everyone, rich and poor.

On another, more human plane, it is a waste of energy to see people like Ibrahim producing child whose ingenuity and hard work will be exhausted shuffling from one rubbish tip to another search of goods that even the ordinary poor have exhausted. Having spent a day watching them, I can say that there is great talent and intelligence being wasted.

Kevin Rafferty



Preparing a paddy field in Bali.

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The worrying case of Charlotte Niess

WEST GERMANY is suffering from a mild bout of authoritarianism. I use the word "mild" because it does seem that what is happening in the Federal Republic is curable — and also because it is important to avoid the trap of describing recent events as a reversion to Nazi habits, or even a McCarthy-style witch-hunt. It is neither of those, although it does constitute a serious blot on the record of what remains one of the more attractive polities of Western Europe.

Just how serious it is can be judged from the case of Charlotte Niess, a 28-year-old artist (there is no other term that properly describes her profession) who has been denied employment by the State of Bavaria because she is a member of the Board of the Association of Democratic Jurists, a left-wing pressure-group. Of the 25 members of this Board, 15 are in the Communist Party; Niess is not: her other affiliations are to the public service trade union, a liberal-socialist group, and the Social Democratic Party.

None of this explains away the case of Charlotte Niess. She is the victim of a formal process that affects anyone applying for any permanent Government job in West Germany—that is, who ever seeks the status of Beamte. This could mean a teacher, or an administrator, or even a cemetery attendant. Nor am I arguing from extremes. Cases of teachers refused employment in State schools on political grounds are not uncommon, and in Munich at the week-end I was told of a Communist engine-driver denied promotion to Beamte because of his Party membership.

Miss Niess took the usual oath to "respect and defend" both the Federal basic law and the Bavarian Constitution when she became a trainee-jurist. While in training she was under the eye of Munich's judges and no adverse report from them has yet been quoted against her: on the contrary she has a sheaf of attestations to her devotion to the democratic constitution.

My own conversation with her brought out answers that would place her, in English terms, not far from the right of the Labour Party. The Association of Democratic Jurists may support the civil service, but Miss Niess seemed genuinely shocked at my description of cases of British workers who have been dismissed from their jobs because they do not belong to the approved trade union. The closed shop, she said, was unconstitutional in West Germany, and she hoped very much that it would remain so.

The Niess case has already become something of a national scandal in West Germany. It may bubble on for some time, since both sides seem determined to fight it through the administrative courts until it has been decided by the highest appeal authority in Karlsruhe. It has already been taken up by leading members of the Social Democratic Party in Bavaria, where the Party seems to be in permanent opposition, and in Bonn, where it is the senior partner in the governing coalition. Dr. Werner Maihofer, the Minister of the Interior and a Free Democrat, a member of the junior party to our coalition, has just spoken out against the Bavarian authorities in a statement in the Federal Parliament.



Armed police check vehicles in the vicinity of the Stuttgart courtroom where the Bader-Meinhold terrorism case is proceeding. The activities on which the case centres are among the things cited as demonstrating the need for examining the political background of applicants for State employment in West Germany.

Such cases, he said, "are to be mind an alarm signal warning that in the defence of our legal state we are near to trespassing on the limits of this legal state." This developing campaign in support of Miss Niess should not be mistaken for a sign that her case is an exception, or that all will be well if only she wins in the end. The law governing Berufsverbot (literally "professional disbarment") is based on both long-standing German tradition and a clause in the 1949 Basic Law that stipulates that persons employed by the State must support the democratic Constitution. Since it was last codified, at

the beginning of 1973, it has been used against nearly 300 applicants (270 by June 1975, according to the Federal Ministry of the Interior). This is the number of people officially told that they could not be employed because their political background was unsuitable. It is a number that should be weighed against the half-million or so computer checks carried out for State authorities by the Secret Service.

The number of "politically undesirable" persons turned down without formal notification of the reasons is thought to be much larger. Social Democrats in Bavaria tell me that it is

always awkward to get a job in the Bavarian State service, if you are not a supporter of the ruling conservative Christian Social Union. These same people acknowledge that it has probably worked the other way round in Hamburg, which is under Social Democratic control.

In Bonn, Herr Karl Lietke, the Social Democratic chairman of the Parliamentary Committee for the Interior, told me that he is afraid that in an unknown number of cases applicants who are members of "extremist" — yet legal — political parties "are not even looked at". In Berlin the feeling among not-so-young students I spoke to was that it was a bad idea to have the wrong kind of university activities in your file if you wanted to work for the Federal Government or one of the states.

It might be thought that, with Chancellor Helmut Schmidt's own party so opposed to Berufsverbot, we can rest assured that all will be eradicated. No such luck. The main difference between the Federal Government and the Opposition, as expressed in a Bill now before Parliament but thought likely to fail, is one of degree.

The Christian Democrats want membership of the Communist Party alone to be sufficient reason for disbarment. They are not so troubled about members of extreme Right-wing parties, like the notorious NPD. The coalition parties include both kinds of extremist, and insist that more than mere membership of named organisations would have to be proved. They also want to reserve screening of applicants for "exceptional cases" — which includes teachers — and they propose elaborate legal safeguards and rights of appeal for those who are affected.

What they seem unable to contemplate is the simple abolition of such legislation. West Germans of all parties will refer inquirers to the experience of the Weimar Republic, in which Nazi sympathisers helped to destroy the democratic state from inside. Many call in evidence more recent experiences, such as the wave of student unrest after 1968 when radical students threatened a "long march through the institutions." Until about two years ago, the threat seemed very real: nowadays these radicals appear to have marched into oblivion. Others will remind you of the security scandal surrounding the abdication of Herr Willy Brandt as Chancellor. Yet others point to the Bader-Meinhold terrorism case, still being tried following a much debated change in the law designed to combat the obstructive tactics of the accused and their defenders.

Christian Democratic politicians add to all this the argument that Germany is a divided nation, with a Communist dominated half whose purpose is to subvert the free institutions of the Federal Republic. It is to the east that the West German Communist Party looks for financial and moral support, they say. How can the same person be true to both the Party and the free democratic Federal State? they ask.

While all this is understandable, given the extremely short history of democracy in Germany, it is not really convincing. The Federal Republic as presently constituted sometimes seems like a better bet as a guardian of liberty than, say, Britain. It is prosperous, very largely content, and, if anything, more than a shade too conservative.

In which security will certainly be an issue (with the Christian Democrats trying to brand their Social Democratic opponents as Red), can be cited as a cause of an increase in the temperature of the debate on Berufsverbot; but not as a good enough explanation for the continued attachment of most politicians to some form of it.

The real explanation is a lack of self-confidence. This may be hard to credit in modern West Germany, but when you persist, some will acknowledge it. One of the most solidly anti-extremist voting populations in the world has produced politicians who do not trust their citizens' ability to withstand possible subversion from a handful of radical engine drivers, or teachers, or judges — as if misbehaviour by the latter could be kept secret for more than the time it took superior judges to read the details of any illegally or maliciously handled trial. Even teachers are much less likely to get away with attempting to indoctrinate children in West Germany, where classrooms are strictly supervised, than in easy-going Britain.

Shocked

Herr Alfred Grosser, a Franco-German, who won the West German publishing industry's Trades Peace book prize this year, shocked his hearers when he said in his acceptance speech at Frankfurt in October that there seemed to be more and more discussion these days about defending the basic order (the constitution) through the State and less about defending basic human rights against the State. The hopeful sign is that one meets so many West Germans who are coming to understand his point.

Letters to the Editor

State industry management

on The Managing Director, *Financial Times*, December 12.

Sir—The Managing Director (December 12) is absolutely right when stresses the urgent need to take away from dangerously over-inflated established business leaders with commitments in the industries. Much more attention needs to be used in staffing, and using the unmet talent which certainly exist and Whitehall is said to be moving in this direction.

But state industry cannot put to milk the private sector its management indefinitely—d in any case it will fail to create an environment capable of attracting effective younger managers to solve the short-term problem, unless it can demonstrate that it is industrial and political management which the criterion for reaching the public sector. Only if there faith of this nature will the the sector acquire the management needed for commercial success in the long term.

Christopher D. Power, *100 House, Park Lane, W.1.*

has no incentive to devote any part of his wealth to the education of his children. Separate wealth taxation of husband and wife would, on the other hand, provide a strong incentive for couples to legally divide their wealth between themselves. It is to be hoped that support for this change will come from a wide section of the population and not only from members of Women's Lib.

G. C. Hockley, *Senior Lecturer in Economics, University College, Cardiff.*

Comprehensive schools

From the Labour Group Leader, *New County Council.*

Sir—Your education correspondent, Michael Dixon (December 6), seems either to have been unlucky with regard to the "comprehensive school" which he attended, or else he is unfair to the school. To state that "middle class teachers" devoted special efforts to "scrape him through exams" for the reasons he gives, may satisfy him, but I wonder whether the teachers would accept his diagnosis?

In any case, he has the wrong conception of what a comprehensive school should do for the children. The evil of the "tri-partite" system is that, by "selection" at 11, it segregates children into different schools and isolates the "elite" so that they do not mix with "all abilities" children which they will have to in the real world as they all become adults, and gives some children a sense of "failure". But it does not end "selection" which operates in a well-run comprehensive school; on more of a subject basis so that all children can develop their talents in their various ways. This enables the "fast workers" to "lighten" the "slow" in the school and gives all the opportunity and advantages to develop their talents. "Bright boys" do not always excel in all subjects and it is good for all to have a "bright boy" and be conscious of this to eradicate the feeling of "failure" and the "elitism" of success.

Mr. Dixon really is calling for the improvement of the curriculum and organisation in those comprehensive schools which have been "run as a combination of grammar and poor secondary modern". Further, comprehensive schools are not necessarily "uniform" and more than grammar schools, for all the children depend to a large extent on the teachers. Comprehensive schools give the teachers the "tools to get on with the job" and I trust Mr. Dixon will use his influence to improve the comprehensive school he talks about, and others to the advantage of the children and the nation's economic interest.

R. J. Davis, *Old Vicarage, Wotton Bassett, Wiltshire.*

Talent for top jobs

on Mr. D. Robb.

Sir—Mr. C. Gordon Tether (December 12) expresses surprise that people of talent able to fill top jobs in national industries are difficult to find. There should be no surprise that this is the case. It is an essential ingredient of top management for an enterprise which aims not merely to stay afloat but to seek out and exploit opportunities, is entrepreneurial flair. No one with an entrepreneurial flair would be content with a steady climb in the ladder of bureaucracy. Dynamic leadership in industry is only found in those for whom success brings rewards tangible than mere status for whom failure carries financial penalties, and both have of reward and fear of consequences of failure are absent from nationalised industries.

It is significant that the top in the National Enterprise Board went to a man on the point of retirement, and it is a suitable appointment to a man whose major role seems to be the embalmment of ducks. Like the other nationalised industries, the NEB has no place for the talented entrepreneur.

S. Robb, *Old Vicarage, Wotton Bassett, Wiltshire.*

Perpetuating inequality

on Mr. G. C. Hockley.

The Select Committee on Health Tax (favour a "quotum" system for husband and wife) is, in my view, a body to be aggregated and effectively split for tax purposes. It is to imagine a measure that will do more to perpetuate inequality of wealth between rich couples than this. The husband and wife

Privilege and pensions

From Mr. M. Pich.

Sir—It is interesting that Mr. Dryden, in his letter (December 12) should have equated the inflation-proofing of civil service and similar pensions with sin. I am sure that few critics of this practice would have gone so far. Obviously there is a tinge of envy in the attacks that have been made on the protection given to retired civil servants—we would all like to have inflation-proofed pensions just as we would all like to be guaranteed against losing our jobs—but the existence of this should not be allowed to obscure the serious reasons for disquiet that have emerged. First of all, protection of this sort given to any sector of the community, however, devaluing makes the problem worse for the remainder. The effect is double-edged. Not only do those without protection see their incomes eroded by inflation, but they are also called upon to pay higher rates and taxes to provide inflation-proofed pensions for those fortunate enough to be entitled to them.

The BMA's actions

From Mr. E. P. Ward.

Sir—Now that the junior hospital doctors and the Government appear to be reconciled, it may be an appropriate moment to question the behaviour of the British Medical Association in handling its grievance. Most of the public have, I think, been sympathetic with these over-loaded men and women. The action of the BMA in associating its understandable grievance with the consultants' far less popular and much more doubtful cause has seemed to many of us nothing more than a political device to reinforce an attack on the National Health Service.

In some quarters, at least, it is evident that the medical profession is attracting the wrong kinds of people. Perhaps we need more of the firm-mindedness displayed by some of its less compromising members in British business—or do we?

E. Peter Ward, *Trio, Carlton Road, South Godstone, Surrey.*

Lagging behind

From Mr. E. Webb Ware.

Sir—Let me declare my hand. I am one of the lucky ones. I have just heard that my pension will be increased by 26 per cent. at the next time of paying due to the increase in the Price Index so by general consensus of opinion I am sitting pretty and cannot care less how far inflation goes; but I do care. In fact I would forgo that illusory 26 per cent. increase on just one condition: that the Government holds inflation down to no more than 5 per cent. per annum, which I will absorb myself without any contentious adjustments. Why this apparent paradox? It's just simple arithmetic. I would be better off. First of all I never see that 26 per cent. adjustment. Though it's granted

Corporation tax should go

From Mr. B. A. Cole.

Sir—Mr. Beattie (December 5) attacks the suggestion that corporation tax be abolished by a series of arguments derived from the problem of close companies, and the possibility of non-resident companies indulging in portfolio investment instead of distributing dividend. Close companies would be really no more of a problem than they are now: any income from portfolio investments (including real capital gains) would need to be taxed at progressive rates which would make it unattractive to the shareholders to invest through the company rather than directly. If non-resident companies should indulge in such investments, I suggest they should be taxed on the income at a penal rate, say 60-70 per cent. while present income tax rates obtain. This should (and would be) understood to disuade them from making such investments.

Funds not required for the business should be returned to shareholders for reinvestment (free of tax until the investment is converted into actual or presumed consumption), or alternatively (and better) used by the more efficient managements to make their businesses grow. I have no doubt that Mr. Beattie's proposal to charge all income to tax at standard rate only would reduce tax avoidance. This relatively small gain is little justification for such a radical and, I believe, politically and socially unacceptable reform. The gains from the abolition of corporation tax would be considerable, I believe well outweighing the political problem.

B. A. Cole, *Director, Dexion-Corino International, Dexion House, P.O. Box 1, Empire Way, Wembley, Middlesex.*

To-day's Events

GENERAL

Mr. Eric Varley, Industry Secretary, announces Government's proposals for Chrysler U.K. in House of Commons.
Conference on International Economic Co-operation opens, Paris.
EEC Agriculture Ministers and two-day meeting, Brussels.
BMA national representatives meet to discuss terms of agreement reached with Social Services Secretary.
Dr. John Gilbert, Transport Minister, meets Mr. Richard Marsh, British Rail chairman, to review its financial situation.
Rail unions lobby MPs over British Rail's plans to cut services. House of Commons.

COMPANY MEETINGS

Mrs. Margaret Thatcher, Opposition leader, speaks at British Institute of Management dinner, London Hilton, W.1.
Mr. Michael Heseltine, Opposition spokesman on industry, is guest speaker at British Independent Steel Producers' Association lunch following its AGM, Hyde Park Hotel, S.W.1.
Memorial service for Mr. Ross McWhirter, St. Paul's Cathedral, noon.
Scottish Daily News creditors meet, Glasgow.
PARLIAMENTARY BUSINESS
House of Commons: Debate on

COMPANY RESULTS

Brown Boveri Kent (half-year).
Imperial Continental Gas Association (half-year).
LRC International (half-year).
Marley (full year).

COMPANY MEETINGS

Aeronautical and General Instruments, Croydon, 2.30.
Anglo Scottish Investment Trust, 2, St. Mary Axe, E.C. 2.45.
Ayer Hiltin Tin Dredging, 7, Rells Buildings, E.C. 12.
British Empire Securities and General Trust, Saddlers' Hall, E.C. 12.
Equity Income Trust, New Court, E.C. 2.45.
Hartley Industrial Trust, Manchester, 12.
Jintex, 15, St. Helen's Place, E.C. 11.
Safeguard Industrial Investments, 57, Eaton Place, S.W. 12.
Second Scottish Investment Trust, Edinburgh, 10.30.

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Bernard Scott, Chairman.

Extracts from Chairman's Statement.

Of last year's profit of £32.34m, some £18.4m came from the UNITED KINGDOM and £13.9m from OVERSEAS but the rate of profit earned by our UK companies is still much lower than that overseas. All our efforts must continue to be directed towards bringing about a general improvement in our UK profitability.

EXPORTS were increased from £72m to £94m which together with our even larger indirect exports provides employment of over 10,000 people in the UK and also makes a substantial contribution to the country's balance of payments.

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WORLD business outside Europe continued to grow, amounting to £190m compared with £178m last year. We are dependent for the future of our business on maintaining our existing technical lead in the various engineering fields in which we are active. We are thus continuing with a substantial RESEARCH AND DEVELOPMENT programme, which this year cost £22m.

The increase in oil cost and the need for its conservation has placed the advantage clearly with the diesel over the petrol engine, and the growth in demand for DIESEL ENGINES fully justifies the major efforts, including the recently announced £35m investment programme, which we have undertaken to maintain our lead in this field.

Highlights 1975.

	1975 £m	1974 £m		1975 pence	1974 pence
Sales	570.2	452.8	Ordinary Shares:		
Profit before tax	32.3	17.6	Earnings per share	23.17	13.16
Profit attributable to Shareholders	16.3	9.3	Dividends per share:		
Shareholders' funds	200.9	189.2	Interim	1.3780	1.2250
			Final	3.8772	3.6995
			Total	5.2552	4.9245

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Ordinary earnings	7	237	356

Mr. Leadeater sees signs of the de-stocking movement coming to an end in the U.K. and somewhat higher activity levels are being reported in the industry abroad. Much time has been devoted to

car market has been a great help and this is certainly true at Caffyn's although the company reaped a late bonanza from the British Leyland "Superdeal," which in September meant that the manufacturer all but doubled its market share. The story, how-

Caravans

Int. omits final

GROUP PROFIT, before tax, of Caravans International improved

Mr. Joseph Palmer, chairman of J. H. Fenner and Co. (Holdings), who reports that past investment gives the group substantial potential for future expansion.

return to dividend payments. November 14 of which £100 was secured. An extraordinary meeting is called for December 31, to consider an increase in authorised capital to £60m.

Mr. Landbeater sees signs of the de-stocking movement coming to an end in the U.K. and somewhat higher activity levels are being reported in the industry abroad. Much time has been devoted to

and this is certainly true at **Caffyns'** although the company reaped a late bonanza from the British Leyland "Superdeal," which in September meant that the manufacturer all but doubled its market share. The story, how-

final

GROUP PROFIT, before tax, of Caravans International improved from £349,000 to £1,250,000 for the year to August 31, 1975.

But after a greatly increased

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Patrick Edge-Partington
Chairman.
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Demand for loans was at a low ebb throughout the year, says the chairman, Mr. T. Kenny. "Because of our criteria for lending we have declined more business than

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WALL STREET & OVERSEAS MARKETS

Slightly firmer despite little news

FOREIGN EXCHANGES

£ weaker

BY OUR WALL STREET CORRESPONDENT

A SLIGHTLY FIRMER tendency prevailed on Wall Street today, although there was little in the news to give investors encouragement.

The Dow Jones Industrial Average put on 3.78 to 306.59 and the NYSE All Common Index gained 12.25 to 346.38, although losses outweighed gains by 689.44. Trading volume expanded 816,000 shares to 31.9m.

The Commerce Department reported Business Inventories rose 0.7 per cent in October while sales climbed 1.1 per cent, but analysts said that did not remove uncertainties about the state of the economy.

Investors were concerned about the Tax Bill and the Energy Bill. The President said he would veto the Tax Bill unless it is accompanied by a spending cut. The Energy Bill is expected to go to the President by mid-week.

General Motors gained 4 1/2 to 57 1/2, said early December U.S. car sales almost doubled the year earlier figure.

Ames lost 1/2 to 45 1/2, a single block of 135,000 shares traded at 45 1/2.

Pennsylvania rose 1 1/2 to 49 1/2, on plans to open seven stores next month.

Arco Products put on 1/2 to 33 1/2, its agreement in principle to merge with Monarch Capital Corp. had been terminated.

ARA Services slipped 1/2 to 43 1/2, on its fourth quarter earnings of 70 cents (81 per share).

Domestic Airlines rose 1/2 to 37 1/2, on Campbell Red Lake 8 1/2 to 317, on British contract.

Fairchild Camera eased 1/2 to 10 1/2, on Lintec sued Fairchild, alleging misappropriation of confidential information.

Robertson Distribution (the counter) moved up 1/2 to 52 1/2, it agreed to merge into Packard NV for \$22 per share.

Human Brands rose 1/2 to 37 1/2, on Harris Corp. 5 1/2 to 32 1/2, on Harrisville 5 1/2 to 32 1/2, and Raytheon 5 1/2 to 32 1/2.

Woods Corp. advanced 1/2 to 31 1/2, on American SE Market Value Index rose 0.02 to 81.50, with declines outnumbering advances by 256 to 238. Pan Ocean Oil, the most active issue, moved up 1/2 to 81.00 on 59,000 shares.

OTHER MARKETS

Canada irregular

Canadian Stock Markets were irregular in light trading yesterday.

The Industrial Share Index

firmly 0.02 to 172.00. Western Oil improved 1.05 to 200.07. Utilities hardened 0.15 to 124.02 and Banks put on 0.39 to 249.54. But Golds fell 0.45 to 225.41. Base Metals lost 0.45 to 72.91 and Papers eased 0.04 to 95.24.

Texas (Canada) moved up 8 1/2 to 330, as did Vulcan Industrial Packaging to 31 1/2.

Denison Mines gave way 1/2 to 53 1/2, it will have to disclose uranium revenues under an Ontario Securities Commission ruling.

Baton Broadcasting was up 1/2 to 57 1/2 on 61,700 shares.

PARIS—Generally lower with fears of renewed inflation out-

weighing more positive economic factors, including a small November trade deficit and the Finance Minister's statement that the economy will be growing again next spring.

The downturn was more pronounced in Foods, Electricals and Stores. Metallurgicals were only marginally easier.

In Foreign stocks, Americans, Canadians, Golds, Coppers and International Oils held their ground, but Germans were weak.

BRUSSELS—Generally mixed in very quiet trading.

U.K. and U.S. issues also were narrowly mixed. German and French shares slightly easier. Dutch stocks firmed, while Gold Mines were lower.

AMSTERDAM—Generally quietly mixed.

KSH fell on news that it will omit its dividend.

State Loans also were quietly mixed.

SWITZERLAND—Narrowly mixed, with operations reserved ahead of Christmas holidays.

Leading Banks were barely steady while Industrials were narrowly mixed.

State Bonds were little changed in moderately active trading volume.

OSLO—Industrials were irregular, while Banks, Insurance and Shipments were quiet.

VITENNA—Generally steady, with major Banks slightly mixed.

COPENHAGEN—Narrowly mixed in fair dealings.

GERMANY—Predominantly lower on lack of interest.

Banks were unchanged to lower. Carpenters declined DM1.70 to 209.20. Deutsche Bank DM2.30 to 230.50 and Dresdner DM2.30 to 230.50.

Electricals also declined and Chemicals mostly lost ground.

Motors gave ground. Deutscher dropped DM3.50 to 339. VW rose DM0.30 to 132. Machine Makers were mostly lower. Steels mixed, while Metals were unchanged to lower.

Minings lost some ground. Utilities shed up to DM3.30. Stores were mixed, while Breweries lost ground.

MILAN—Easier on slack investor demand and technical liquidation ahead of the monthly settlement.

Bonds were narrowly mixed in quiet trading.

HONG KONG—Most shares advanced strongly on sustained local and overseas buying, following fuller order books for Hong Kong major industries.

Long Kong Bank rose 60 cents to HK\$14.40. Jardine Matheson rose 50 cents to HK\$14.50. Overseas Chinese rose 30 cents to HK\$14.50 and Long Kong Docks 20 cents to HK\$14.50.

TOKYO NEW SE INDEX

HONG KONG INDEX

SINGAPORE INDEX

EUROPE

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Sterling lost further ground against the U.S. dollar in the foreign exchange market yesterday, but showed little change against most other major currencies.

Trading, however, remained quiet. The market tended to be apprehensive about the Government's plans to give financial assistance to Chrysler and possible economic measures to include changes in hire purchase regulations and selected import controls.

The widening of the U.K. trade deficit in November was also a depressing factor. The pound opened at \$2.0180-2.0190, and eased to \$2.0160-2.0170 in early trading. Sterling remained at around that level for the rest of the day and closed at \$2.0165-2.0175, a loss of 20 points on the day and its worst ever closing level against the U.S. dollar.

The pound's trade-weighted average depreciation, since the Washington Currency Agreement of December, 1971, as calculated by the Bank of England, remained unchanged throughout at 30.1 per cent.

The dollar remained firm in the subdued conditions prevailing at present, and recorded small gains in terms of most European currencies.

Its trade-weighted average depreciation, however, on the Morgan Guaranty basis, at 1.58 per cent, compared with 1.59 per cent previously.

Gold lost 1/2 to close at \$177.50, in fairly quiet business. The Kruggerand finished at \$140.50, a loss of 10 points on the day.

The coin's premium over its gold content was almost unchanged.

Constructions also fell, with Taisei YU lower at 231.

AUSTRALIA—Most sectors closed generally unsettled, following quiet profit-taking after a spurring advance briefly in the wake of the Liberal election win.

Pancontinental was up 24 cents to \$49.25.

Woodside-Burmah finished unchanged at \$41.44, after rising to a new peak of \$41.55. Santos jumped 10 cents to \$41.35.

CAGA improved 10 cents to \$42.15.

BHP were down 12 cents to \$45.84, after moving up to \$46.00.

NTT shed 4 cents to \$41.48, it is making a Convertible Note issue.

JOHANNESBURG—Gold shares were mixed in extremely quiet trading in front of today's holiday.

Financial Minings were easier. Coppers little changed, while other Metals gained up to 15 cents.

Industrials were marginally off.

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changed at 2.33 per cent for domestic delivery, but narrowed to 2.35 per cent from 2.38 per cent in the international market. The dollar closed at 193.6-194.6 (200.32), its lowest level since early June, but trading was also fairly subdued.

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OVERSEAS SHARE INFORMATION

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Secret Brussels pact on NZ butter shipments

BRUSSELS Dec 15

World dairy surplus

to continue

By Our Commodities Staff

ROME, Dec. 15.

OVER-PRODUCTION of dairy products for the world as a whole is expected to continue in 1976.

especially in the EEC, according to a report by the Food and

World milk production, which virtually stagnated this year at about 425m. tons, is expected to increase somewhat in 1978, although demand for milk and milk products should gradually recover from this year's drop. The report stated that the imbalance between supplies and commercial outlets is likely to persist in 1978, especially in the EEC.

Skim milk powder stocks are estimated to total 1.8m. tons in developed countries — more than double their level at the beginning of the year. Prospects of a

recovery of skim milk powder prices, which dropped more than 50 per cent. in 18 months to about \$500 a ton, were considered poor.

Butter stocks have risen over levels of a year earlier, but were not yet considered excessive. However, the report warned of a possible accumulation of a "butter mountain" unless Eastern European countries and the USSR bought larger quantities.

in Penang over the week-end pushed prices higher here with forward metal

Jan. and from the U.S. Gulf to Japan at \$18.25 free discharge for Jan. also from the same loading area to Guayaquil at \$12 f.i.o. for Dec. A cargo of grain was covered from Brazil to Genoa/Hamburg range at \$39,000 f.i.o. based on 31,000 long tons for Jan. while maize from Brazil to Antwerp/Hamburg range paid \$12 f.i.o. for Jan. South African maize shippers booked a cargo from Durban to Glasgow at \$17 free discharge for Dec-Jan. In the ore section business

developed from Tsubarao to Poland at \$7 per Dec-Jan. Coal charterers fixed a contract for eight quarterly cargoes from Hampton Roads to Japan at \$9 free discharge commencing last quarter 1978. Timecharter bookings included three to five months' trading with a vessel of 25,249 long d.w.t. at \$4,330 daily delivery Japan Dec-Jan redelivery Middle East Gulf.

Morning: Cash £164.3, 6

	Yesterday's Close	+ or - Change	Business News
COFFEE	% per tonne		
January.....	787-760	-1.5	788-783
March.....	774-775	+0	776-794
May.....	765-765	-1.5	767-775
July.....	774-777	+5.0	787-778
Sept.....	780-785	+0.5	788-785
Nov.....	780-785	+0.5	788-785
Dec.....	798-798	-1.5	798-785
Coffee: 528 (2,865) tons of 8, 000 lbs.			
SABANA.....			
seller, business, saint Dec. 8, 000-65-59			
buyer, Feb. 8, 000-65-59			
C. S. 8, 000-65-59; Juma 8, 000-65-59			
C. S. 8, 000-65-59; Juma 8, 000-65-59			
C. S. 8, 000-65-59; Juma 8, 000-65-59			
Total sales, 100			
Latest published I.O.D. indicator prices			
Arabica.....	\$2.75 (\$1.30)		Other Middle
Robusta.....	\$2.75 (\$1.30)		Arabica.....
Arabica.....	\$2.75 (\$1.30)		Robusta.....
Robusta.....	\$2.75 (\$1.30)		Daily average

RUBBER

HAGHER opening to the London market, interest trading about the day, closing on a quietly steady note. Lewis and Peat reported a new contract for 100,000 tons of rubber at \$2.75 per ton.

and 12-month metal opened at
and improved in

[illegible]

SEWERAGE PROJECTS COMMITTEE

	Yesterday's Close	4 or 5 —	Business Days
Spokane			
December	\$4.50-5.00	-5.00	—
February	4.75-5.00	-2.50	\$5.00-5.50
June	4.75-5.00	-1.50	\$5.00-5.50
August	4.75-5.00	-1.70	\$4.75-5.25
October	4.75-5.00	-1.60	5.40
Salmon	5.25-5.50	-1.40	\$5.50-5.75

Source: SN locs.

GRAINS

The BALTIC-North American millers wheat for first open water shipment attracted customer interest at lower offering levels. Scattered inquiry was noted for critical quantities for U.S.A. shipment to the West Coast U.K. and for option corn for transshipment from Japan. Business was slow to develop, however.

1. *Journal of the American Medical Association*, 2000; 284: 2689-2695.

Severe setback to buffer stock plan

BY DAVID ELLI, GENEVA CORRESPONDENT

plan

ONDENT

Both the U.S. and the Com
munity stressed that they we
in agreement with the bas
objectives to achieve a bette
balanced structure of inte
national commodity markets
ensure equitable and remuner
tive prices for developing cou
tries' commodity exports.

Doubted

But the European Communists spokesman said that the main practical issue now was to agree on which commodities the night now be negotiations. The measures that might be required are likely to differ substantially from case to case," according to the spokesman.

The Community representative Mr. A. Russell. Even with storable commodities, "buffer stocks are only one of the measures that might be adopted and there may not be required at all."

The Community doubts whether it was feasible to reach agreement now on the size of

nature of any "funding" that might be required. The best way to make quick progress, he said, would be to examine the requirements of each commodity negotiations between consumers and producers.

Both the U.S. and the EC feel that, while it may be possible to agree on the longer-term objectives and principles for bringing order into the commodity markets, there is

main stable.

He pointed out that wool is now subject to the much higher and cost of oil-based feedstock.

p in the wool textile industry has
d risen significantly in the past
e year and was now averaging 1
n per cent. In Germany, France
d and the U.K. In Britain where
n wool's share had fallen to 1

per cent. of the total fibre used in wool textiles by October 1971. This was due to increased consumer awareness of and preference for natural fibres. Mr.

● The U.S. Department of Agriculture (USDA) also foresees higher raw wool prices for the remainder of this season and in the new 1976-77 season.

U.S. Markets

Coffee ends

**limit up,
cocoa eases**

PRECIOUS METALS eased on weight renewed speculative liquidation. Coffee finished limit up on good trade interest. Sugar finished strong on new Commission House and charcoal buying. Europe:

Cocoa—Ghana spot 74 nom. (75). Bahia spot 67 (68). Dec. 64.75 145.75. Mar. 69.90 (72.00), May 68.20, July 66.70, Sep. 55.33, Dec. 33.60. March 22.30. Sale 1.148.

Coffee-Spot Santos No. 4 in liquidation (same). Colombian Mams unquoted.
192.80 nom. l. "C" Contract: Dec. 87.35, Mar. 84.68, \$2.00, March 83.45, \$3.45, Mar. 83.73 bid. July 86.71, Sept. 87.50 bid. Dec. 85.25 bid. Sales: 321.
Copper-Dec. 82.50 (\$2.70), Jan. 82.50 (\$2.80), Feb. 83.00, March 82.50, Mar. 84.50. Sales: 1,105 lots.

Cotton—March 60 15-60.50, 58 55, 31, 60 85, 180.30, July 61 25-61.30, Oct. 56.00, 55.30, Dec. 56.50-56.95, March 57.10-57.15, May 57.20-57.40. Sales: 1,050.

Gold—Dec. 137.60, 138.40, Jan. 137.10, 139.80, Feb. 138.10, April 139.30, June 140.60, Aug. 142.10, Oct. 143.70, Dec. 145.20, Feb. 147.00, April 148.70, Sale.

Grasswood—Spot 170.0 nom. (same)
March 163.0-106.0, 161.0, May 161.0-137.
150.0, July 160.0, Oct. 158.0, Dec. 157.
158.0, March 154.0-156.05, May 157.0 bkd
Lard—Chicago loose 16.00, 17.00 nom.
NY prime steam 17 1/2 nom., 18 1/2 nom.1.
Malta—Dec. 250-350; 1234; Mar.
2394-239; 2621; May 2641-264; July 26

2671. Sept. 284-2641. Dec. 238, March 266.
 *Pinal-From Jan. 143.50 1443.60, Apr.
 145.60 1448.10, July 145.30-149.60, Oct.
 151.50, Jan. 155.00, April 158.00. Sales: 3.
 *Soybeans-Jan. 443-445; 4491; March
 4344-4354 4391; May 4621-463, July 477
 4721, Aug. 476, Sept. 432, Nov. 482-458
 Jan. 494-487.
 *Soybeans Mgal-Dov. 111.00 121.50

Jan. 17.50-125.00, 125.00, March 127.00
Soyabean Oil—Dec. 16.00, 16.40, Jan.
16.05-16.15 (16.50), March 16.15-16.10, Jan.
16.25, July 16.30, Aug. 16.50-16.60, Sept.
16.55, Oct. 16.33, Dec. 16.33.
—Silver—Spot 381.0 (390.50), Dec. 384
134.00, Jan. 395.00 (same), Feb. 397.50
March 400.50, May 407.00, July 412.50
Sept. 420.00, Dec. 430.10, Jan. 432.00

March 440.10. Sales: 14,334 lots.
Sugar—Spot 13.90 (13.75), Jan. 13.50
nom. (13.59 nom.). March 12.94 (13.84
(12.49), May 12.83 (12.99), July 13.85 (11.84)
Sept. 14.00 (13.98), Oct. 14.00 (14.63), March
13.83 (13.88), May 13.84. Sales: 5,717.
Tim—295.0 (313.0 asked (295.0 (316.0).
Wheat—Dec. 321 (325), March 324
Nov. 321.14. May 327.98. July 321.84.

WINNIEPICK, Dec. 13. Rye—Dec. 13.
 bid 2203 bid, May 2973 bid 1242 asked
 July 235. Oct. 230 asked.
 Coals—Dec. 150 bid 1623 bid, Ma
 149; bid 131 bid, July 149; bid.
 Barley—Dec. 249; bid 230 bid,
 231 bid 223-22. 1. July 250 asked.

Wheat—SCWRS 13.5 per cent, protein content St. Lawrence 3101 (3002).
All cents per pound ex-warehouse unless otherwise stated. *Cents per 50-lb bushel ex-warehouse. †p 5% per tray ounce—100 ounces total. ‡Cents per bushel. \$Cents per 100 lbs.

—Dept. of Ag. prices previous day:
Prime steam f.o.b. NY bulk tank car:
—Cents per Troy ounce ex-warehouse:
—New "B" contract in 8's a short ton
for bulk lots of 100 short tons delivered
f.o.b. cars Decatur and Minnola. 8's per
Troy ounce for 80-ounce units of 99.9
percent purity delivered NY — Cents per

60-lb bushel in storc. 7 Cents per bushel
bushel ex-warehouse, 5,000 bushel lot
c Cents per 25-lb bushel, 8 Cents per
bushel ex-warehouse, 5,000 bushel lot
d Cents per 35-lb bushel, ex-warehouse
1,000-bushel lots.

LIVERPOOL COTTON—Spot and shipment sales amounted to 649 bales. Substantial demand came forward covering many different styles. American

varieties attracted most attention, including Central African, Iranian and Russian qualities.

Exchanges throughout the U.S.

AUTHORISED UNIT TRUSTS

[illegible]

INSURANCE, PROPERTY, BONDS

REGIONAL MARKETS

Following the merger last year of U.K. stock exchanges, a selection of the share previously shown under regional headings is presented below with quotations in London. Irish issues, most of which are not officially listed in London, are separate and with prices as on the Irish exchange.

[illegible]

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[illegible]

OFFSHORE AND OVERSEAS FUNDS

[illegible]

NOTE

[illegible]

At a time when defence cuts in the U.K. have already been announced and with some further reductions now forecast, many other countries are increasing their spending on defence, especially on conventional arms, and most notably in the Soviet Union and Warsaw Pact countries.

the deal being blocked.

This kind of uncertainty in the U.K.'s own political attitudes has already resulted in a number of major arms orders being played with the U.K.'s competitors, such as France, and there is little doubt in the minds of many in the defence production industries that similar situations will occur in the future, unless some kind of formula can be found to take account of this situation.

Attitudes

The point is also made strongly that there is often a strong element of inconsistency in these political attitudes. For example, it is considered permissible to sell tanks, warships and aircraft to countries such as Saudi Arabia, Iran, or others in the Middle East, where two major wars have been fought in the past ten years and where the situation is still volatile, whereas it is considered politically objectionable to sell arms to Chile or to South Africa. It is not being

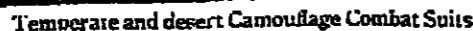
By MICHAEL DONNE, Defence Correspondent

kind of complete arms embargo
—too much money and too
many jobs are at stake for that.
—but that there should be a
recognised situation in that
where one government permits
a contract to be signed, another
government of a different
complexion that follows it
should honour the deal.

The whole sanctity of contracts, in fact, is at stake in this issue, while it is also pointed out that the only effective long-term damage that is done is to the U.K. itself. For the customer is hardly ever frustrated: If the U.K. does not honour its contracts, there are other countries in the world who do not have the same kind of political sensitivities who can and do step in to fill the gap. And there are many in the U.K. arms industry who argue that it can take many years—perhaps even a generation—of hard work to restore customer confidence that is once destroyed.

The best-sellers are undoubtedly warships (especially frigates), missiles and military aircraft. Among some of the most recent significant overseas sales of military aircraft and

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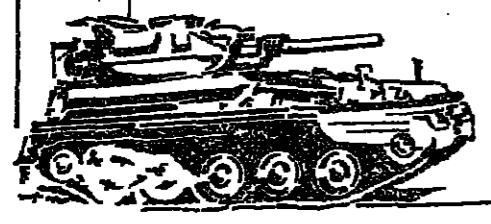
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Quality and quantity in the Warsaw Pact

THE LAST five years have seen marked advances in both the quantity and, more important, the quality of arms in the Warsaw Pact. This may seem ironical in view of the fact that the Russians want to bargain with the West as equal partners. There are now few types of equipment in which NATO holds an unquestioned lead. Some Communist arms are even admitted by the West to be the best of their kind in the world. Little is known for obvious reasons about the Warsaw Pact arms industry, or more specifically the Soviet industry, since this is where most military hardware is produced. Czechoslovakia has a traditional small arms industry, and other countries produce military vehicles, support equipment and other secondary supplies. But even these are manufactured to Soviet specifications, giving the Pact a strong edge over the West in standardisation and therefore flexibility.

Difficulty

Nevertheless, the difficulty of testing modern equipment undetected means that Western intelligence is well informed about weapons in use or about to be deployed, even if its knowledge of arms still on the drawing board is scanty. However, Western assessments of Soviet capabilities tend to be over-generous, partly to avoid underestimating the Warsaw Pact and partly (since assessments are made by military officials with an interest in defence budgets) to check the greatest advances have been made in ballistic missiles, particularly the MIRV'ing of ICBMs—the attaching of multiple warheads to a missile, each able to seek its own target. This was a field in which the U.S. held an unquestioned lead until 1974 when the Russians carried out the first successful MIRV test. It came as part of their new ICBM series of four missiles, all of which have now been tested, and most deployed. The first to be installed in silos was the SS 19 of which 4,800 missiles which enables them to hit U.S. targets without leaving

ing Soviet coastal waters. These submarines are currently being kept in the Barents Sea away from Nato surveillance. U.S. officials say that their counterparts to the Delta, the Trident, will not be fully operational before 1978. However, the major qualitative development in the Soviet navy is the construction of two (and possibly three) aircraft carriers, a class of vessel the Russians have never possessed before. The first, the 40,000 ton Kiev, has been undergoing trials in the Black Sea this summer and may become operational next year. As aircraft carriers go, it is not big (the new U.S. carrier the Nimitz is nearly 100,000 tons) and it will carry short or vertical take-off aircraft. Nevertheless it will add a new dimension to Soviet naval strategy, especially when the second comes into service in two or three years' time.

Performance

Both the major arms of the Soviet air force, the bomber and fighter, have been strengthened in the last two years with new equipment whose performance has impressed Western military circles. The MIG25 fighter, codenamed Foxbat, now widely deployed in the Soviet Union, Poland and East Germany has both a reconnaissance and interceptor role and is said to be highly advanced in capability and design. Along with the MIG 23, the Flogger, it constitutes the main strength of the Warsaw Pact's air forces.

A considerable sum was also caused by the introduction of the SU19, the Fencer, a variable wing fighter bomber comparable to the F111. Capable of two and a half times the speed of sound, it has a range of 2,400 miles and is believed to be the first Soviet fighter designed for ground attack. It has been assigned an attack role in West Europe. Longer range missions would be carried out by the new Backfire bomber which carries a flying bomb with a range of 500 miles. The U.S. claims that this aircraft—with inflight refuelling—is able to make a return sortie across the Atlantic and should therefore be counted as a strategic weapon.

Estimates

More realistic estimates are achieved by tackling the problem from the other end and working out the value of Soviet military equipment and the cost of manning it. Under this formula U.S. defence experts came up with a figure of \$93bn. in 1974. The International Institute for Strategic Studies assessed it at \$103bn. by adding part of the science allocation to the defence budget and converting at the unofficial rate of four roubles to the dollar. (At the official rate this works out at \$36bn.). Whatever the true figure, defence accounts for a major part of Soviet industrial output. It even accounts for a wide range of consumer goods like tractors, textiles, tractors and radios, a fact that was admitted by Brezhnev in a speech urging more effort in this field. Defence equipment is also a major Soviet export. According to some Western calculations, Soviet arms sales to the Third World are worth about \$2bn.—\$2.5bn. a year, which is well below the U.S. level but equivalent to a quarter of the Soviet Union's estimated overseas earnings.

David Lascell
East Europe Correspondent

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Record supplies from the U.S.

THE U.S. is still supplying foreign countries with record quantities of arms and military supplies, despite the relaxation of tension between East and West, the end of hostilities in South East Asia and the progress it has helped make towards peace in the troubled Middle East. But there are now clear signs of unease with this position of world munitions king, both among policy makers in the Administration and above all in Congress. The usefulness as well as the morality of selling arms at current levels are being questioned. Some changes in U.S. policy are already apparent—and others cannot be ruled out in the near future. In the fiscal year ending last June, American military sales to third countries reached a record \$9bn. Well above the previous highwater mark of \$7bn. in 1974. In addition to these, foreign military grants were worth some \$500m.—making the U.S. the leading world arms supplier with 51 per cent of military exports, followed by the Soviet Union with 27 per cent. Yet over the years, the pattern of American arms exports has changed drastically. In the first place, direct grants of military equipment to foreign countries are declining sharply, while commercial sales take an increasing proportion of the total. By contrast, these orders were all dwarfed by those placed from the oil-rich countries of the Persian Gulf. For instance, Iran placed orders worth \$2.5bn., Saudi Arabia \$1.4bn. and Kuwait \$318m. Arms supplies to Israel were also in this league at \$863m., confirming the impression that the Middle East is now the biggest market far for the American arms industry. Moreover, the signs are that this state of affairs is likely to continue. The appetite of the major oil exporters appears considerable—indeed arms sales to OPEC members have risen from \$134m. in 1970 to \$4.5bn. in 1974. In addition, the Ford Administration has just asked Congress for \$1.5bn. in military aid for Israel next year, of which at least \$500m. would be free, and the Egyptians are actively seeking American arms as well.

It is not surprising, therefore, that many in Congress and elsewhere are wondering about the wisdom of pouring such huge quantities of military hardware into so volatile and explosive a region of the world. The Administration argues that these sales bind the regimes in

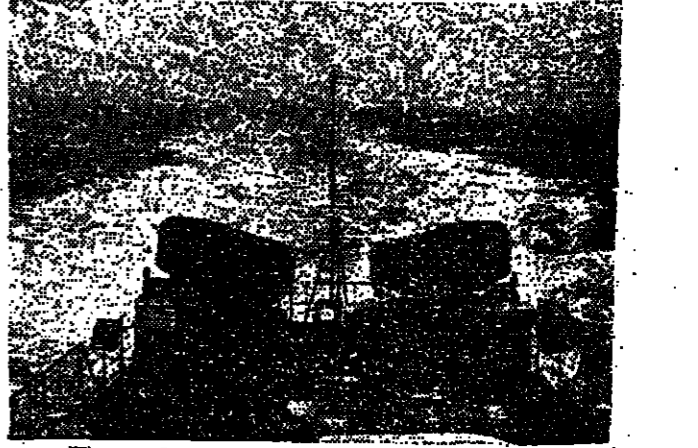
question more firmly to the West, create jobs in the U.S. arms sales could lead to a recycle petrodollars and would be made by European or Russian rivals if America pulled out. While the recession continues and unemployment is high, it is difficult to believe that the Legislature or Administration would put jobs at risk for essentially idealistic reasons.

Expense

However, many in Congress point out that neither Iran nor Saudi Arabia has proved very sensitive to American economic interests in the debate over OPEC oil price, despite the military assistance they are receiving—and that these so-called export gains are really at the expense of the American consumer who is financing them through the increased price of oil. Moreover, while Israel can certainly count on Congressional support for its current military requests, Senator Edward Kennedy and other prominent politicians are now urging a world-wide moratorium on further arms sales to the Middle East belligerents. It is difficult to tell whether

Paul L
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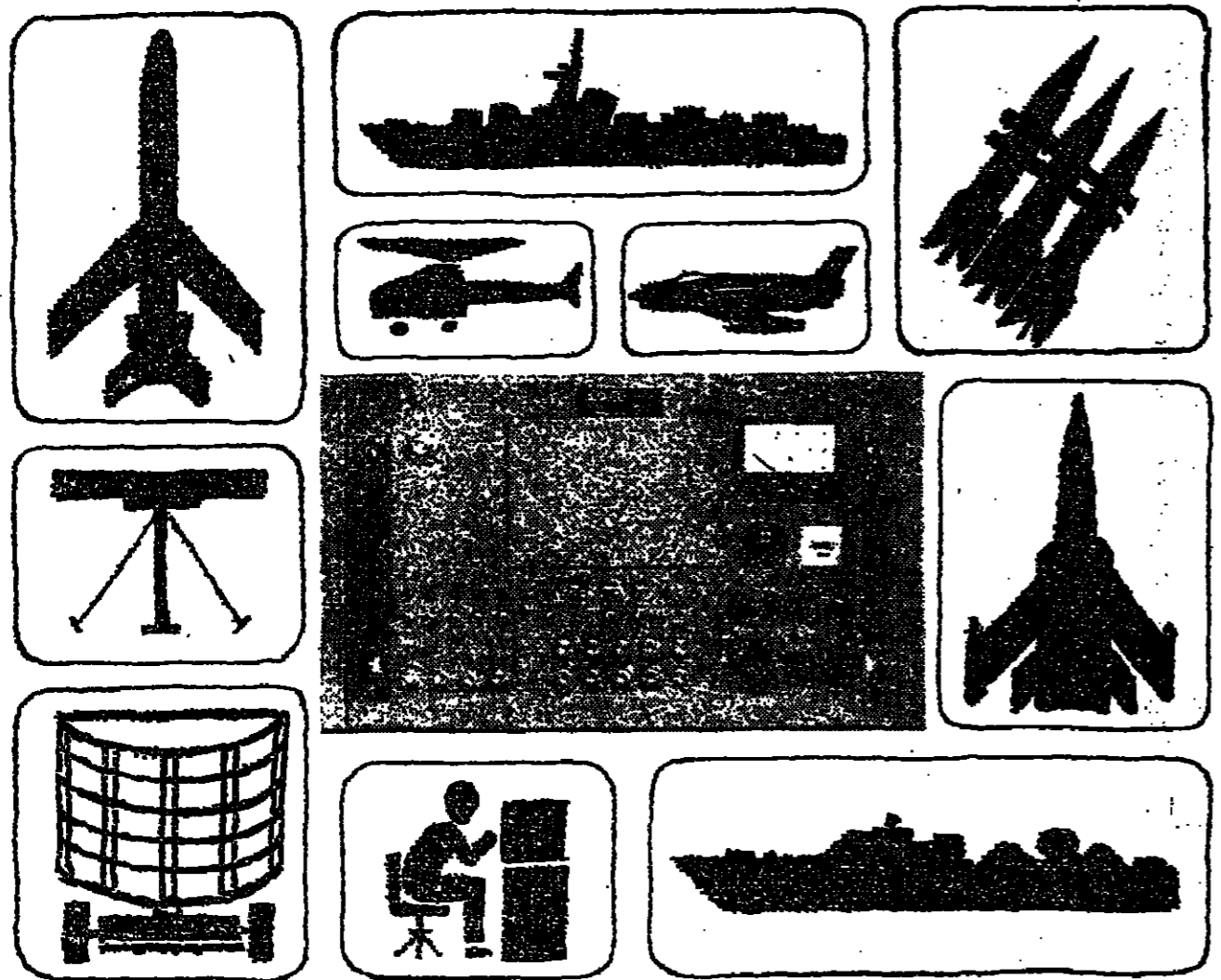
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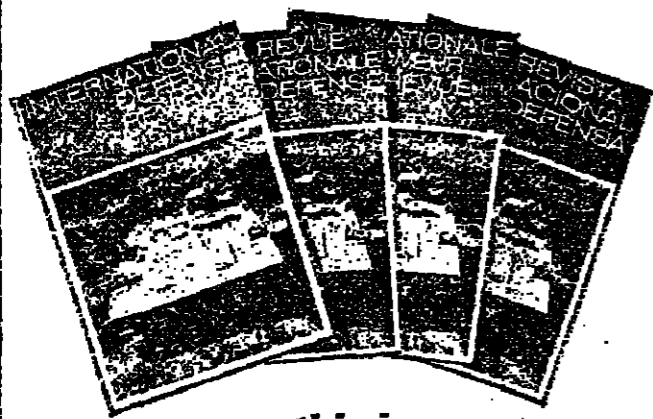
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WORLD DEFENCE INDUSTRIES IV China's emergence

CHINA HAS the largest standing army in the world, yet a military budget which is trifling by the standards of the super-powers. In many ways China has an excellent claim to be a Great Power. Peking would certainly consider itself one; in terms of history and culture many of the so-called developed countries of the West are almost barbarian beside China. In terms of influence, whatever China does to-day, indeed whatever China thinks to-day, is scrutinized by other nations just as closely as the actions of the Soviet Union and the U.S. In terms of political systems and political thought, China has added a new dimension to the world: in terms of its vast population and rich resources, it has a strong claim to greatness. Yet that same population immediately drags China down to the level of a poor country, almost as poor as India.

All these contradictory and often conflicting pulls are nowhere better reflected than in China's defence position and posturing. Peking would probably love to be able to match the Kremlin's might, and would be much happier for its own security if it could. But all the time it has to balance the need to feed the vast population and to keep general industry supplied with raw materials and up-to-date equipment with the demands of the defence chiefs.

For these reasons, China's defence industries have been run on a proverbial shoestring and their progress has often

waited upon the success of the harvest. After equipping its huge army, there have not been many arms for China to sell to the rest of the world, even to friends in strategic places. Another restriction on the development of Chinese defence industries was its dependence on Soviet arms and equipment in the early years of the People's Republic. Only now is China beginning to get away from its slavish copies of outmoded Soviet weaponry and making its own equipment—which might soon allow Peking the opportunity of appearing on national doorsteps as an important arms salesman.

China's first need has been to protect its own frontiers from the threat of invasion. Ever since the split with Moscow, this has been seen as coming principally from the Soviet Union and has involved Peking in both the development of a nuclear force as well as strong ground forces to deter a physical threat.

According to the International Institute for Strategic Studies, China has a stockpile of between 200 and 300 nuclear weapons, both fission and fusion. Peking has refused to join the Non-Proliferation Treaty, though it has said that it is ready to join others in the total destruction of nuclear weapons or to set up "nuclear free" zones. It is not prepared to play into the Kremlin's hands by abandoning its own nuclear weapons and stated that the proliferation of nuclear weapons among smaller nations will inhibit Great Power dominance.

China kept noticeably quiet when India tested its first nuclear device.

Nuclear tests have continued steadily since the first in October 1964 and have included tower shots, drops from aircraft, missile firing and an underground test. American sources say that China has between 20 and 30 Intermediate Range Ballistic Missiles (IRBM) and about 50 medium range ballistic missiles (MRBM). The MRBM is single-stage, liquid propelled with a range of 600 miles and it can be transported; the 1,500 mile IRBM is deployed in permanent sites, and is also single-stage and liquid fuelled. China can use the TU-16 aircraft, which has a range of 1,500 nautical miles, for delivery of the nuclear weapons as well as the shorter range IL-28 bomber. China has one G-class nuclear submarine with missile launching tubes, but no missiles have yet appeared.

In its land forces China has more than 3m troops, divided into more than 120 infantry divisions. The raising of 15 new divisions in the past four years reflects the views of Chairman Mao Tse-tung about a "people's war" and his belief that "men are more important than weapons." Many of the new divisions have been committed to the border with the Soviet Union, but the main armies are deep in Chinese territory, leaving the frontier

to militia units which would probably be swept quickly aside in the event of any invasion.

As to equipment, most Western experts think that Chinese arms production is neither as good nor as modern as that of either the Soviet Union or the U.S. The main Chinese battle tank, for example, is the T-59, a version of the old Soviet T-54. But in recent years the Chinese seem to have committed more money to lighter weapons, better suited for an army on the move. Admiral Moore, the chairman of the U.S. Joint Chiefs of Staff, noted in January this year that China had "a large inventory of crew-served weapons, including particularly a native designed 82mm recoilless gun and thousands of RPG-2/7 weapons (the Chinese version of the Soviet 82mm shoulder-fired grenade launcher)."

The Chinese navy has grown quickly in recent years and now numbers about 250,000 men and more than 1,000 vessels, making it the third largest in the world. But it has an odd mixture of vessels, mostly old destroyers, fast modern Chinese designed patrol boats, and an increasing number of submarines, now believed to total about 60 and possibly including a nuclear powered submarine. China is pushing ahead with the last torpedo and gun boats, armed with surface to surface missiles and suited to coastal defence.

It is also pressing on with submarine building and with upgrading the destroyer fleet. In the past few years the Chinese have developed their own designs for both submarines and destroyers.

China's air force suffered badly in the political turmoil following the disappearance of the disgraced Lin Biao. A large number of senior air force officers lost their jobs after because of his close association with their wing. The bulk of China's aircraft are the ageing MIG 17s and 19s, IL-18s and TU-16s, all of basic Soviet design. In 1971 the Chinese produced their own fighter, the F-9, a daytime fighter-interceptor, capable of 50,000 feet ceiling and a speed of up to Mach 2. There may now be 400 of these, according to U.S. defence specialists, compared with more than 3,000 MIGs. However, the F-9 appears to have run into production difficulties recently.

China's military budget is difficult to work out, but spending is generally reckoned to be just over 25 per cent of U.S. and Soviet military budgets. Nevertheless, China has some advantages.

For more than 25 years it has relied slavishly on Soviet designs for its main stock of weapons. But Peking now seems to be determined to develop its own specialities. (Few of the

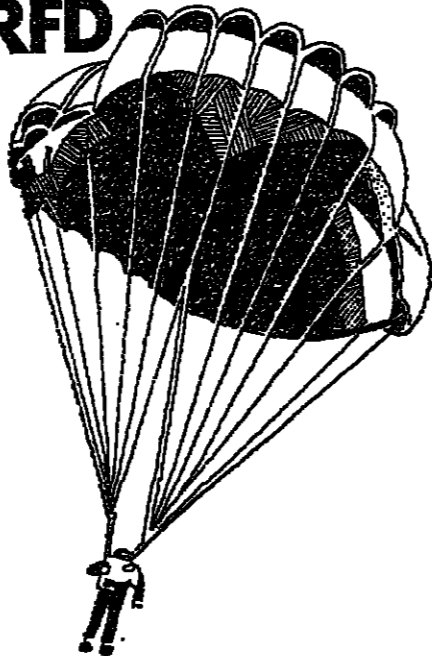
old weapons will be available for export because China pass them to the armed in now more than 30m, str This may mean that it can out at least a generation weapons and develop air ships and artillery for the decade and more. Beside F-9 (which some U.S. m specialists think is being up because it lacks an ade engine and which they say why China was anxious to Rolls-Royce Spey engines) Chinese are believed to be on a swing-wing au which is in advance of F-111.

Whether it will wish to weapons to the rest of world on a grand scale i open question. The Ch have, of course, traditio sold arms, but usually as of an aid programme an closely prized allies. Bet 1955 and 1973 Chinese mil aid came to about \$6 North Vietnam, Pakistan Tanzania figuring largely o list of beneficiaries.

China may not want to its new generation of air but it might find a good m for smaller craft, such a patrol and missile boats, for smaller stock weapons support vehicles like armc patrol cars.

Kevin Raffi
Asia Correspondent

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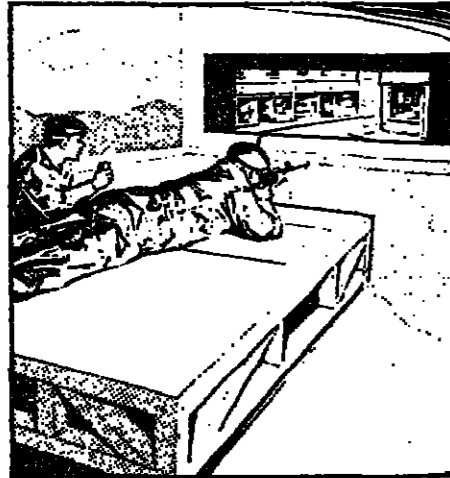
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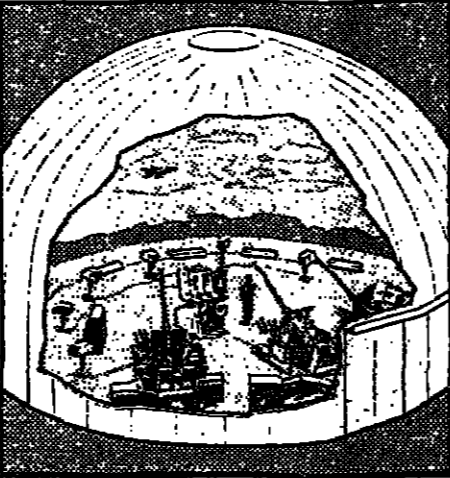
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WHEN, ON May 18, 1974, the Indian Government exploded a so-called "peaceful nuclear explosive" (PNE) it initiated a chain reaction of diplomatic activity to which there is no end in sight yet. The fissile material for the Indian explosion, plutonium-239, had been extracted from Candu reactors supplied by the Canadians—a nation which has renounced nuclear weapons—on conspicuously favourable commercial terms. As a result the Canadians are taking vastly more care over the terms on which they will transfer any nuclear technology to another state, not least to Britain's chagrin, for U.K. industry was anticipating help—still withheld—with some key features of the pressure-tube type of reactor, of which Candu is perhaps the most experienced example.

Although the Indians have constantly stressed that their motives in developing nuclear explosives are wholly peaceful, from the standpoint of monitoring nuclear weapon activities no useful distinction can be drawn between PNEs and weapons of war. In more practical terms, it would normally be considered important that the PNE should be "clean" radioactively, implying a nuclear fusion (H-bomb) type of explosion rather than a simple fission (A-bomb) explosion such as plutonium-239 alone would produce.

Other likely requirements of the PNE are that it should be directional in its effects, and very slender to minimise the cost of boring the hole if, as is likely, it is to be exploded deep in the ground, say to release gas or oil. Moreover, environmental conditions a mile or so underground would be very different from any faced by a weapon. In short, useful PNEs need to be very specifically tailored to their task.

"Technology has given Goliath a club so heavy he cannot lift it," is the wry comment a senior U.S. Government scientific adviser has made on the PNE. Only two nations, before India, overtly developed the PNE: the Soviet Union, which has used a couple in earnest, to extinguish an oil well fire and to seal off a gusher; and the U.S. with its highly diversified Plowshare programme dating from 1957 (the same year as the first U.S. underground nuclear weapons test).

The Plowshare programme publicised several prospective applications for PNEs, such as large-scale earthmoving and the extraction of ore, gas, oil and geothermal heat from deep in the earth. One of the latest

ideas—from the Los Alamos National Laboratory where the first nuclear weapons were made—is a method of steam-raising for central power generation in which 50-kiloton PNEs would be exploded deep underground at the rate of about two a day.

Counterbalancing the euphoria of Plowshare—which once estimated the cost of a nuclear explosion at one-hundredth of the cost of TNT—is the fact that when projects are carefully costed they no longer appear self-evidently attractive. Projects studied have included the idea of cutting a new route through the Bristol Mountains in California, and of digging a new deep-water harbour in north-western Australia. An additional expense is that any nation providing PNE technology would need to include some provision for self-destruction should the PNE fail to explode.

Restriction

A further restriction is the Limited Test Ban Treaty of 1963, which restricts any releases of radioactivity from a PNE to territorial limits. On this basis alone it would appear that only those nations with vast undeveloped expanses, such as the USSR, China, and perhaps India, are likely to use PNEs.

But there is always the tantalising possibility that the ideal application for the PNE has not yet been spotted. In any event, the reluctance of the USSR and the U.S. to part with PNEs or the technology behind them—because of their obvious association with weapons—has convinced some countries that a valuable technology is being wilfully withheld. This incentive alone will encourage some governments to research the technology of nuclear explosives.

The focus of greatest concern among those nations already possessing nuclear weapons, or which are poised to export technology which could provide access to weapons, are those nations which have refused to sign the Non-Proliferation Treaty (NPT) of 1970. The NPT pledges non-nuclear nations not to acquire nuclear explosives. Among the non-signatories with declared nuclear power aspirations are Argentina, Brazil, Chile, India, Israel and South Africa. These nations all have an interest in nuclear energy that reaches well beyond the operation of nuclear reactors as electricity generators. All have an interest in the "fuel cycle"—the complex processes involved in manufacturing and recycling nuclear fuel. These are also the processes required to refine fissile materials for nuclear explosives.

The simplest route available at present is the reprocessing of spent nuclear fuel removed from the reactor, to separate its plutonium-239 component formed by transmutation while the fuel was undergoing its nuclear reactions. This was the route followed by the Indians at their reprocessing plant at Trombay. The chemistry involved is not specially complex and certainly has not been kept secret. The main obstacle for would-be reprocessors has been the fact that spent fuel is highly radioactive and all operations have to be conducted remotely, behind thick concrete walls, with great difficulties of access should anything go awry. The considerable expense and the well-publicised difficulties

some technically advanced nations have had with reprocessing have themselves proved a deterrent to the proliferation of reprocessing plants.

The more difficult route is uranium enrichment. Where nuclear fuel requires, on average, a four-fold enrichment of the fissile uranium-235 isotope from 0.7 to about 2.5 per cent, a nuclear explosive requires nearly pure uranium-235. But such safeguards are circumvented by a process capable of achieving low levels of enrichment can be adapted to produce the high levels. What is more, it is nuclear scientists staged usually accepted that it is easier to engineer a nuclear explosion with uranium-235 than with plutonium-239.

The technology of uranium enrichment has been more best to frustrate the violator of nuclear technology. Unlike reprocessing, anyone wishing to embark on enrichment could get little help from the literature on how to implement the two dozen or so engaging Government scientific theoretical routes. Nevertheless, certain nations have persisted, with the result that nations known to possess enrichment technology potentially capable of making nuclear explosives include the U.S., USSR, Britain, France, China, West Germany, Holland and South Africa. Moreover, every nation with indigenous uranium resources can make a plausible case for possessing enrichment, as the means for doubling the value of its uranium in the world market for nuclear fuel. Even nations lacking indigenous uranium but having large hydro-electric resources—Zaire, for example—can make a case for using those resources to enrich uranium and so "store" their hydro-electricity in a form that is readily transported anywhere in the world.

Thus pressures are already high and still increasing for the proliferation of uranium enrichment. The chief safeguards remain the secrecy surrounding most of the technology, and the fact that such routes as "stationary wall centrifuge" necessitate not only very large factories but immense inputs of electricity, believed impossible to conceal from satellite surveillance. Other technologies, however, including the gas centrifuge, laser and spinning

plasma processes, afford possibility of achieving levels of enrichment by much more easily concealed means.

Thus far, nations with declared interest in opera reprocessing or enrich plants have also declared international safeguards they would be operated in accordance with the International Atomic Energy Agency. C such safeguards are circumvented so that fissile material might be diverted to clandestine use in the 1950s Britain nuclear scientists staged secret exercise in which management team simulate illegal attempts to divert plutonium from a reprocessing plant without being detected. w resident inspectors did it best to frustrate the violator of nuclear technology. It was code-named Circeus because, as one participant puts it, "we were a lot clowns to take part." B the literature on how to implement the two dozen or so engaging Government scientific theoretical routes. Nevertheless, certain nations have persisted, with the result that nations known to possess enrichment technology potentially capable of making nuclear explosives include the U.S., USSR, Britain, France, China, West Germany, Holland and South Africa. Moreover, every nation with indigenous uranium resources can make a plausible case for possessing enrichment, as the means for doubling the value of its uranium in the world market for nuclear fuel. Even nations lacking indigenous uranium but having large hydro-electric resources—Zaire, for example—can make a case for using those resources to enrich uranium and so "store" their hydro-electricity in a form that is readily transported anywhere in the world.

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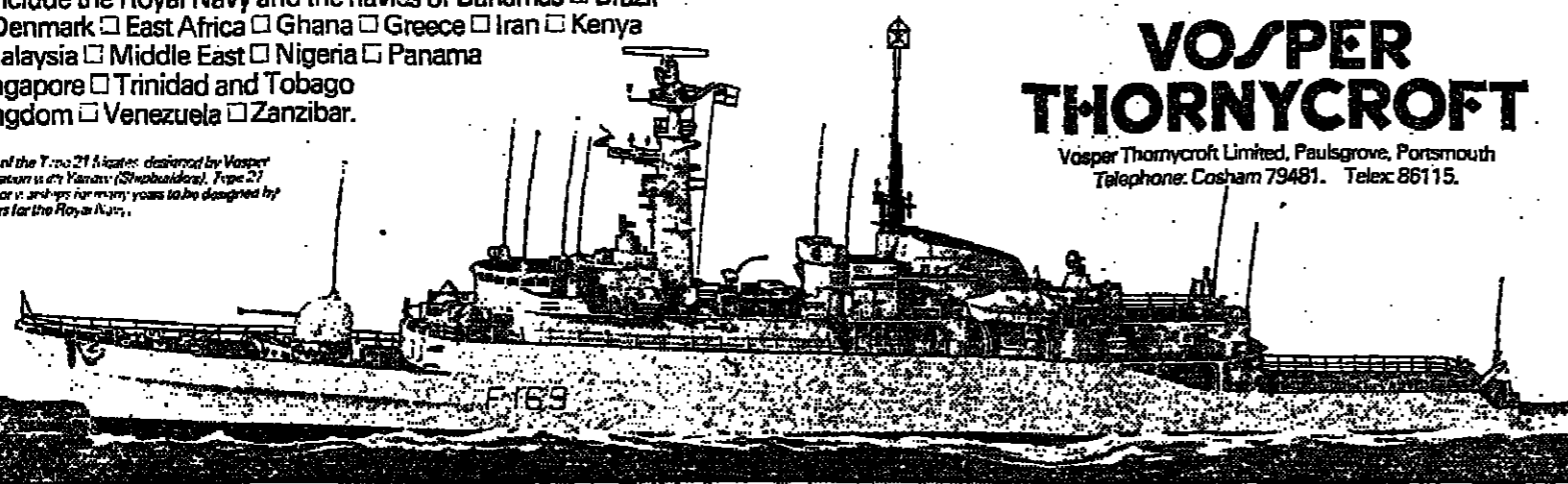


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French position

FOR THE FIRST time in several years the self-confidence of the French arms manufacturers is not that of a little shaky. Not that, on the other hand, there is any cause for alarm. In the first half of 1975, export orders for the full range of sophisticated French armaments were valued at almost 40 per cent. over 1974—a year that itself saw a decline of foreign orders.

Almost every State visit by a French leader to Paris has been dominated, secretly or overtly, by the prospect of arms sales. The time the air is thick with noise and righteous denials; frequently weeks, months, even years later comes news of a contract signed. As a result, exports now provide most of the French Government's foreign exchange every year. This year will make the difference between merely breaking even and the handsome profit which the Government expects on French foreign trade.

Behind this facade of success, however, there are growing worries. It is because the industry is the victim of its own success. Exports alone represent 2 per cent. of the GNP, and its factories employ some 400,000, of whom a Parliamentarian defence expert M. Michel Billereux has calculated that 100 are working for export, upset in the flow of foreign orders could obviously have profound effects on the country's economy.

There are also signs that the crest of the wave may have passed. The interest from the Middle East, from Africa, from America is still very much there, but the failure of France to win the so-called "arms deal of the century," the 1,500 aircraft replacement order for the United States Air Force, was a blow. It is perhaps only that its full consequences are emerging, but the changes which have already followed and which may follow have implications not only for the arms industry itself, but for the entire French policy of defence.

The rejection of Dassault's latest Mirage F-1 by not only

Holland, Norway and Denmark, but also by Belgium, hitherto a faithful client of the company, is a first dismissal merely as a result of the "European" alarm. In the first half of 1975, export orders for the full range of sophisticated French armaments were valued at almost 40 per cent. over 1974—a year that itself saw a decline of foreign orders.

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There are also signs that the crest of the wave may have passed. The interest from the Middle East, from Africa, from America is still very much there, but the failure of France to win the so-called "arms deal of the century," the 1,500 aircraft replacement order for the United States Air Force, was a blow. It is perhaps only that its full consequences are emerging, but the changes which have already followed and which may follow have implications not only for the arms industry itself, but for the entire French policy of defence.

The rejection of Dassault's latest Mirage F-1 by not only

can be so for ever have cast a shroud of uncertainty over the future of the ACF—the advanced combat aircraft or "Super-Mirage" that is to replace the ageing Mirage III as the staple of the French Air Force. In the sober light of the NATO contract failure, there is a distinctly TSR-2 aura around the project. The ACF now seems too versatile, its very sophistication pushing its costs to levels that France alone could not sustain, without the support of large foreign orders.

At an estimated Frs.100m. (£11m.) per plane, the 200 of them which have been provisionally requested by Air Force chiefs would cost Frs.20bn., or over £2bn. This figure can be compared with the total defence budget for 1976, of "only" Frs.50bn. (£5.5bn.). A final decision on the ACF is expected later this month.

The answer clearly then is to strengthen co-operation with France's European partners, although of course such a policy sooner or later raises the old chestnut of French relations with NATO. Nonetheless, while measuring carefully the domestic risks of upsetting the Gaullist element in his ruling coalition, President Giscard d'Estaing is moving gingerly in this direction. At the start of December the Government gave cautious assent to a proposal from its European partners (already linked in the ten-nation Eurogroup offshoot of NATO) to participate in a new forum, where European members of the Atlantic Alliance could discuss arms production co-ordination.

For all the qualifications with which acceptance has been hedged, it is an important step towards closer European defence co-operation. The rewards, the French Government hopes, might be twofold: a lowering of costs by reducing duplication, and, by improving its own hitherto muddled image, an enhancement of its chances of selling arms to its rich European partners and allies. As the French now realise, the alternative is a virtual U.S.

Along with the arms has gone a commensurate growth in France's diplomatic say. Greece, which has just taken delivery of 40 Mirages is a good example, while the arms connection has kept lines open to several of the world's more "difficult" nations and enabled Paris to portray itself as a genuine alternative to the super-powers for the more independently minded of her clients.

So what, then, is the "military-industrial complex" in France? The answer includes some surprises. Obviously there are the two big aircraft makers, Aerospatiale and Dassault, where, especially in the case of the latter and the Mirage, military success has made up for civilian failure. For Aerospatiale—tried sorely by the sales flops of both the supersonic Concorde, for which it is the French partner, and the Airbus—helicopters sales, in the form of the successful Puma and Alouette models, have provided a welcome profitable sector.

But the other names are perhaps less expected. Saviem and Bertier, now both subsidiaries of Renault, have long derived a useful (in the case of Bertier about 15 per cent.) share of their sales from military equipment; in their case army trucks, and armed personnel carriers. Panhard, once a car subsidiary of Citroën, now exclusively makes armoured cars and other military ware. Thomson-CSF, a limb of France's second largest electrical group is a long-standing specialist in radar and other weapons systems, while the State computer company CII also is involved. Thus arms are jam, and sometimes the bread itself, for several of France's most powerful companies.



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- CONCORDE**—supersonic intercontinental airliner built by BAC and Aerospatiale
- MRCA**—multi-role combat aircraft built by BAC, Messerschmitt-Bölkow-Blom and Aeritalia
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Middle East and Africa

RECENT events set in relief the enormous scale of arms sales to the Middle East. The first was last week's announcement by the United States that it is "proposing to sell nearly \$2bn. worth of arms and back-up to Saudi Arabia, as part of a wider deal while at the same time submitting to Congress a bill to sell their most advanced aircraft in production—F-15 to the Israelis. The also recently proposed sale of a sophisticated missile to Jordan, which is at the heart of a highly controversial military co-ordination scheme with Israel's chief supplier, Syria, and although no commitments were made is thinking about an Egyptian deal for arms.

The second significant event was the extensive tour which President Sadat of Egypt undertook to the U.S. and France where he secured the purchase of arms as a priority on his list of demands for discussion. In France, French Jaguar fighter-bombers, recently met with some success persuading Mr. Wilson, President Giscard d'Estaing's aide, to support the Sinai agreement with Israel, which the President's good offices have been instrumental in securing.

At any rate, between them the Arab confrontation States, hold the sale of advanced arms to Egypt. What this translates dramatically is the virtual monopoly which the United States has over the supply of arms to Egypt since the war has been broken and that a new era is now open, not only in Egypt, but possibly elsewhere in the Middle East.

In fact, the Soviet Union has been unable to find its grip over the previously sure markets of Iraq and Syria, weakened by no longer seriously contending. The only question is what extent those countries turn to the West as alternative sources of supply and support.

In Iraq's case this is unlikely for some time. In Syria, however, the prospects are brighter for Western manufacturers. Britain, France already supply a Baathist radical government, tracked vehicles, sophisticated laser guidance missiles. The Soviet Union sold arms valued at \$2bn. since 1973 retains its monopoly in fighter aircraft, tanks, artillery and tanks.

There is good evidence that, certainly as far as the high command would like to shop around, interest has been shown in the Chinese tank—presently is only sold to

Iran in the area—but which the Syrians are unlikely to get. Egypt's role in breaking away from the Soviet Union has been crucial. It appears to have started in January of this year when President Sadat, partly as a result of heavy pressure from within his armed forces who saw themselves falling further and further behind an increasingly well-armed Israel with no immediate prospect of a large-scale resumption of arms supplies from the Soviet Union, flew to France. There he negotiated a huge arms package—reputedly worth \$1bn.—which included the latest Mirage F1 fighter-bomber, AMX 30 tank chassis, Crotale surface-to-air missiles and 38mm anti-aircraft guns.

He followed this up quickly with a deal with Westland Helicopters to manufacture Lynx military helicopters and the extensive tour which President Sadat of Egypt undertook to the U.S. and France where he secured the purchase of arms as a priority on his list of demands for discussion. In France, French Jaguar fighter-bombers, recently met with some success persuading Mr. Wilson, President Giscard d'Estaing's aide, to support the Sinai agreement with Israel, which the President's good offices have been instrumental in securing.

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obtained. Britain has retained its foothold largely because of the 1971 contract to supply 750 Chieftains which is still being carried out. In addition it has sold Iran Rapier ground-to-air missiles, naval vessels, Blindfire anti-aircraft radar and hovercraft. But Iran's biggest supplier is the U.S. which this year has gained more orders than it did in 1974 when it sold the Shah \$3.8bn worth.

Saudi Arabia, which spent around \$600m. on arms in 1974—this followed the 1973 deal with Britain for work on its air defence system and infrastructure worth £250m.—is expected to spend at least \$1bn. over the next year or so and possibly much more. It has ordered Northrop F-5 fighters, small naval craft, combat vehicles, artillery and anti-tank and surface-to-air missiles. This excludes the Pentagon's plan to help the Saudis refine their armed forces capability which will almost certainly involve the purchase of further advanced equipment. It could involve, the U.S. believes, more than 400 transport and attack helicopters, torpedo and missile gunboats and minesweepers. With several thousand of their troops bolstering up Syrian and Jordanian forces on Syria's southern flank Saudi's rulers are clearly taking their role as a "confrontation State" more seriously than a cursory look at their potential might suggests.

Monopoly

Another factor which may influence Saudi Arabia's thinking is the apparent lack of real progress towards a Gulf security pact.

With the higher oil proceeds Oman has substantially increased its defence spending and, by virtue of its political support for the Sultan, Britain has retained virtually a monopoly in the sale of arms. Last year it won orders for 12 Jaguars (£45m.), a Rapier missile system (£47m.), more BAC Strikemasters, Skyvans, minesweepers and patrol boats.

Elsewhere in the Gulf, Britain has maintained her lead in some areas, but is fast losing it in others—particularly in the field of advanced, and expensive, attack aircraft. France has made significant gains, selling 34 Mirages to Abu Dhabi as early as 1972, following this up with orders for three dozen Mirage F1s from Kuwait which last year announced a \$1.2bn. spending programme to bolster its defences. The Mirages may eventually end up in Egypt and Kuwait will also purchase for its own use 36 A-4 Skyhawks. It also has U.S.-made Hawk missiles and 20 French

Alain Cass

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The AT105 has a heavily armoured monocoque hull providing protection for 10 men against 5.56mm and 7.62mm armour piercing rounds fired at point blank range. The armour thickness (16mm) is twice that of competitive vehicles. The armoured floor is specially designed to withstand blast effects from anti-vehicle mines. Fitted with "run-flat" tyres, the vehicle is fast and manoeuvrable in urban areas with a top speed of 60 m/hr. Ultra low speed selection on 4-wheel drive allows de-ditching and traverse of difficult terrain.

Automotive components are standard heavy-duty production line items. This ensures reliability, ease of service and world wide availability of spare parts. Fuel, engine, batteries and essential brake gear are within the armoured hull.

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Cables: Sankey Telford Shropshire.

***BRITISH FUNDS**

Low	Stock	Price	Chg	Cw	High
140	Atlantic City 25	147	-	0.00	147
131	Lafayette 10p	89 1/2	+1	1.00	90 1/2
130	Leucadia Corp 10p	33	-	1.75	34 1/2
129	A. P. Steel 10 1/2 p	120 1/2	-	1.50	122 1/2
127	Ch. Nat. Com 25p	57 1/2	-	0.75	58 1/2
126	Ch. Nat. Com 25p	57 1/2	-	0.75	58 1/2
125	Ch. Nat. Com 25p	57 1/2	-	0.75	58 1/2
124	Ch. Nat. Com 25p	57 1/2	-	0.75	58 1/2
123	Ch. Nat. Com 25p	57 1/2	-	0.75	58 1/2
122	Ch. Nat. Com 25p	57 1/2	-	0.75	58 1/2
121	Ch. Nat. Com 25p	57 1/2	-	0.75	58 1/2
120	Ch. Nat. Com 25p	57 1/2	-	0.75	58 1/2
119	Ch. Nat. Com 25p	57 1/2	-	0.75	58 1/2
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107	Ch. Nat. Com 25p	57 1/2	-	0.75	58 1/2
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76	Ch. Nat. Com 25p	57 1/2	-	0.75	58 1/2
75	Ch. Nat. Com 25p	57 1/2	-	0.75	58 1/2

INDUSTRIALS (Miscel.)

Low	Stock	Price	Chg	Cw	High
48	I. A. H.	150	-2	8.25	25 8.5
47	Admiral	112 1/2	-	12.27	3.7 11.1
46	AGAC Corp 10p	33	+1	1.00	34 1/2
45	Albany 10p	43	-	1.50	24 5.0
44	American Bk. 10p	43	-	1.50	24 5.0
43	Abney 10p	28 1/2	-	1.25	29 1/2
42	Albany 10p	43	-		
41	American Bk. 10p	43	-	1.25	44 1/2
40	Albany 10p	43	-	1.25	44 1/2
39	Albany 10p	43	-	1.25	44 1/2
38	Albany 10p	43	-	1.25	44 1/2
37	Albany 10p	43	-	1.25	44 1/2
36	Albany 10p	43	-	1.25	44 1/2
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7	Albany 10p	43	-	1.25	44 1/2
6	Albany 10p	43	-	1.25	44 1/2
5	Albany 10p	43	-	1.25	44 1/2
4	Albany 10p	43	-	1.25	44 1/2
3	Albany 10p	43	-	1.25	44 1/2
2	Albany 10p	43	-	1.25	44 1/2
1	Albany 10p	43	-	1.25	44 1/2

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14	Calvert Co. 10p.	42	78.13	24	10.62	—
15	Chesapeake 10p.	43	87.14	24	52.37	—
16	Dawson Bonds.	43	—	—	—	—
17	Dawson Co. 10p.	43	10.70	18	6.8	—
18	Deer Creek 10p.	43	10.70	18	6.8	—
19	Dynalene.	128	49.78	28	4.4	—
20	Edwards Sec. 51.	128	10.70	18	6.8	—
21	Edwards Sec. 51p.	128	10.70	18	6.8	—
22	Marble Head 10p.	13	1.74	3.79	18.4	—
23	Marble Head 10p.	13	1.74	3.79	18.4	—
24	Marble Head 10p.	13	1.74	3.79	18.4	—
25	Marble Head 10p.	13	1.74	3.79	18.4	—
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"Recent Issues" and "Rights" Page 21

10

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

As with a number of other indicators, however, the

The official indices (base 1971=100) show that after falling to 104.9 in August, (from 111.5 in the first quarter of this year) the volume index has leveled out to 106.0 in September, 105.3 in October and now 106½ (provisional estimate) in November.

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

Mr. M. O. Wright, deputy managing director, said last night that when output was cut last year and the company stated that prices would have to rise substantially during 1975, it also pledged to reduce them later if it felt this was possible. The reduction should mean a saving

Continued from Page 1

Central Policy Review staffs on-gave report on the motor industry will substantiate Mr. Varley's, and also their, opposition to a major rescue for a "non-winnable company."

The report says, in effect, that there is no room for a small manufacturer like Chrysler in the U.K. market.

Tuesday December 16 1975

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

Woolwich

cable plan

BY CHRISTOPHER LORENZ

15,000 face Lifeguard

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This, he said, was part of a manpower planning policy which should include a reduction over a 10-year period of the statutory retirement age for men from 65 to 60 with old age pensions progressively phased. And agreement on a statutory working week and holidays with limitations on overtime.

BY DAVID FISHLOCK, SCIENCE EDITOR

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Both British officials said that their technical staffs had been given no chance to discuss the EPA's noise map in advance and they said that they had had some difficulty even getting hold of a copy of Mr. Train's remarks. The EPA said that it had no official comment to make on the British charges.

BY DAVID BELL

WASHINGTON, Dec. 15

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BETWEEN the ages of 16 and

BETWEEN the ages of 16 and 21 every youth should have the social and occupational status of trainees and be paid a basic youth wage, Mr. Nell Kinnoch, Labour MP for Bedwelly told a conference of the Institute of Careers Officers in London yesterday.

This he said, was part of a manpower planning policy which should include a reduction over a 10-year period, of the statutory retirement age for men from 65 to 60 with old age pensions progressively phased. And agreed that the statutory working week and holidays with limitations on overtime.

Index rose 1.2 to 363.5

fm



Weather

U.K. TO-DAY
COLD or rather cold in central East and South England. Rain in Scotland moving South.
London, E. Anglia, Southern England, E. England, the Midlands, central North England
Mist or fog, freezing in places

PSRR

...and the

Capital & Counties

100

Weather

Constantinople	R	12	54	Naples	C	21	95
Corfu	F	12	54	Nassau	C	24	72
Dabrovnik	R	13	58	Nice	C	21	95
Faro	R	8	45	Nicosia	C	17	62
Florance	R	9	45	Odessa	C	6	48
Funchal	R	15	58	Rhodes	F	16	41
Gibraltar	R	13	57	Saizburg	P	1	34
Gueuzee	S	5	41	Tanger	F	14	54
Hambrook	S	1	34	Tenerife	C	12	54
Illovenness	F	7	45	Tunis	C	21	70
I. of Man	R	7	45	Valencia	R	10	33
Istanbul	R	6	43	Venice	C	7	45
S. Sanny	F	1	34	W. Fatr.	C	Clondy	R

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CONCRETE LIMIT

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